

The Post-Arab Spring Social Contract in Tunisia: Social Actors’ comparative gains and losses

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Abstract

This paper is investigating what are the comparative gains/losses of the different considered social actors in Tunisia from the new post-2011 Social Contract (SC)? The SC is perceived as a product of the prevailing state-society relations and power relations between the main actors in the Tunisian industrial sector. These actors are identified as: the state, big businesspersons (tycoons), businesspeople of small and medium enterprises (entrepreneurs), and labor. The comparative gains/losses of these actors are investigated in terms of two broad contested policy fields: competition and social protection to workers.

Depending on qualitative data collected from a number of semi-structured interviews and the literature the research suggests that, in the post-Revolution SC, the more dominant tycoons were allowed more favorite allocation of resources without economic and political control from the state in return to the expectations of generating economic prosperity. The weakened state was less expected to offer social deliverables. Public sector labor- represented by the UGTT- had exceptional power and represented a second power pillar in the social contract that was capable of defending its interests. Entrepreneurs were one of the weakest actors but accepted the contract in the hope of having some benefits thanks to international aid programs that targeted the growth of SMEs, even when the outcome was much disappointing and did not

meet expectation. Finally, the other weak player, private sector labor accepted the contract that placed them at a much disadvantage in the hope of better economic conditions and the fear from slipping into worse prospects.

Political freedoms that expose favoritism and mobilize social actors, the failure of tycoons including MNCs to bring the expected economic prosperity, and the growing weakness of the state because of political polarization all contributed to making such SC less sustainable, opening the way for the events following the 25th of July 2021.

Acknowledgement

The research was funded by MECAM where qualitative data was collected during the author's fellowship as a postdoctoral research affiliate at MECAM for the period between March and June 2022.

Keywords

Social Contract, State Capture, Cronyism, Tunisia, State-Society Relations, State-Business-Labor Relations, State, Tycoons, Entrepreneurs, Labor.

I- Introduction

The Tunisian Revolution of 2010-2011 has inspired the whole Arab World, unleashing a wave of enthusiasm that led to a series of other revolutions and uprisings across the region. While these major events largely ended with greater disappointments and reversal of course, Tunisia was the only country in the region to continue on its separate road. Its political transformation into a democratic country seemed to overcome significant obstacles as was the case in the decisive year of 2013. Major social, economic, and political issues were, however, far from being settled or even contained. On the 25th of July 2021, President Kaiis Saied took unconstitutional measures that marked the beginning of his assault on the existing democratic institutions. To the surprise of many, the measures were met with less resistance and rather by remarkable popularity (Tamburini, 2022).

Such a development that poses an existential challenge to the most democratic system in the Arab world invites a more critical investigation to the post-Revolution period in Tunisia, one that would consider the different actors, their comparative power, their interactions, and the consequences of these all on the political-economic development of Tunisia. An approach that would help in doing such an analysis is one that uses the concept of the Social Contract, briefly defined here as state-society agreements that define actors' mutual rights and obligations (Loewe et al., 2021).

The post-2011 democratic transformation mixed with poor governance performance and ideological rivalries have set the conditions for the emergence of a new and- in comparison to other countries in the MENA region- a unique Social Contract. The new Social Contract was shaped by the presence of a less dominant state, more powerful tycoons, and more empowered- yet not necessarily influential- other social actors such as small and medium industries' entrepreneurs and private sector industrial labor. With such determinants, state-society relations in Tunisia leaned more towards what is often termed in the literature as "State Capture." Under State-Capture, tycoons manipulate an (often newly established) open political system and accordingly dominate the state, the legislation, and policy making and direct these to serve their benefit (Hellman et al., 2003; Hellman & Kaufmann, 2001; Innes, 2014). This stands in contrast with Crony Capitalist arrangements- prevalent in much of the MENA region and in pre-2011 Tunisia. Crony Capitalism is characterized by the presence of a dominant state, powerful but subservient (to the state) tycoons, and weakly organized social actors (Adly, 2010; Enderwick, 2005; Sabry, 2019).

The Social Contract under Crony Capitalism is one where the dominant state provides favorite treatment to connected tycoons, but try to balance this by sticking to some of the remnants of the post-colonial state corporatist arrangements such as providing food subsidies (Sabry, 2019) and a relatively high degree of social protection to workers (Desai & Olofsgård, 2011). In exchange, tycoons are expected to be strongly loyal (see Springborg, 2013) and the other social actors are anticipated to stay depoliticized, as was the case during the post-colonial corporatist social contract (El-Haddad, 2020). The Social Contract under State-Capture is comparatively less researched. Its broadlines, however, could be anticipated to include political empowerment of social actors, a state that is less dominant and more open to social influence, and a social acceptance for a relatively more powerful position for tycoons in return for aspirations of more economic prosperity yielded by their large investments.

This paper is investigating the comparative gains/losses of the different considered social actors in Tunisia from the new post-2011 in comparison to the pre-2011 Social Contract. The Social Contract is perceived as a product of the prevailing state-society relations. State-society relations, on their turn, are analyzed based on the power relations between the main actors in the Tunisian industrial sector which contributes substantially to the Tunisian economy as it is responsible for around 30% of the GDP and 84% of exports of goods and services (Guesmi & Moisseron, 2018). The identified actors are: the state, big businesspersons (tycoons), owners and managers of small and medium enterprises (entrepreneurs), and labor. The comparative gains/losses of these actors are investigated in terms of two broad policy fields: competition and social protection to workers. While the first policy field sets tycoons and entrepreneurs in a conflict trajectory, the second might place labor in a confrontation against both tycoons and entrepreneurs. The paper relies on a combination of theoretical suggestions and qualitative data collected from a number of semi-structured interviews conducted mainly with the main social actors and important domestic and international civil society organizations in Tunisia in the period between March and June 2022. This data is supported by the literature provided from various academic sources as well as reports provided by international organizations and local civil society organizations.

The paper starts with the theoretical perspective section. In this section, the concept of Social Contract is defined in more detail, different social contracts are identified, and a framework for investigating state-society relations and their impact on shaping Social Contracts is presented. This framework would help in identifying gainers and losers from different Social Contracts. The next section presents the methodology used in this paper and

provides more details on the used qualitative data. This is then followed by the Tunisian case study section. The paper ends with a conclusion that summarizes the research findings and their economic and social implications.

II- Theoretical Perspective

Social Contract is defined by Loewe et al. (2021) as the “entirety of explicit or implicit agreements between all relevant societal groups and the sovereign (i.e. the government or any other actor in power), defining their rights and obligations towards each other”. The focus of this perspective is on the relation between social groups and between these groups and the state. Social contracts do not provide equal benefits to all; rather, some would benefit more than others; and yet others could be totally excluded. The key to have more benefits is to be more powerful and influential.

According to this view, Social Contracts could be differentiated according to their scope, their content, and their dimension. The perspective adopted in this paper stresses on a more dynamic explanation of the concept. Contracts are a by-product of power dynamics in state-society relations (Hickey & King, 2016; Loewe et al., 2021); and they are thus in a process of continuous change, even if such change is incremental or marginal. The focus of this paper on power dynamics makes the literature on political settlements specifically relevant (see Behuria et al., 2017; Khan, 2018). Moreover, the perspective adopted here considers that a contract has to be accepted by the involved actors, even if reluctantly, in order for it to be considered as a “contract” rather than simply a social political order. Coercion cannot be a part of a contract as rather implied by Loewe et al. (2021). Coerced actors are excluded from the Social Contract, while participants of the Social Contract are willing- even reluctantly- actors in the exchange resulting from the contract.

The 2010-2011 Tunisian Revolution has marked a major turning point and a fundamental change in the country’s Social Contract. It reallocated the power distribution and changed the benefits/losses of each actor. In order to investigate the nature and extent of such transformation of the Social Contract and its economic consequences a comprehensive exploration of the main actors, their comparative power, and interactions before and after 2011 is needed. The focus is placed here on the industrial sector.

With such focus, the main actors in state-society relations are identified as: the state, businesspeople, and labor. Hence, state-society relations could be rather reduced in focus into state-business-labor relations (SBLR). The state could be broadly defined to include the executive, bureaucrats, and ruling parties' politicians and parliamentarians as well as the management of state-owned enterprises (SOEs) who follow state directives and are less independent in their decision making. The second actor is labor. Labor could be differentiated across different dimensions, such as type of work (white or blue collar), skill (skilled or unskilled), sector (public, private, or informal), and industrial activity (mining, manufacturing...etc.). As for businesspeople, two different collective actors are here considered. Big business managers and owners are considered a collective actor and referred to as *tycoons*. On the other hand, managers and owners of smaller business enterprises, such as small and medium enterprises (SMEs) or more widely micro, small, and medium enterprises (MSMEs), are referred to here as *entrepreneurs*. Differentiating between tycoons and entrepreneurs could be done according to different criteria including market share and/or number of employees. Each of these two collective actors have different objectives and power endowments and should thus be considered as different actors. Consequently, the four main actors in SBLR in the industrial sector are identified here as: the state, tycoons, entrepreneurs, and labor.

Power dynamics among these four actors shape SBLR. Power refers here to the comparative power of one actor vis a vis the other actors, rather than the absolute power of each actor. Accordingly, a powerful state in this framework is dominant over social actors without this necessarily meaning that it is capable of enforcing rule of law or political stability. This is important to note especially in the context of studying the MENA region that generally suffers from lower levels of governance (see World Bank, n.d.).

Each of the considered actors has various sources of power. The state owns a hierarchical organizational structure and has access to numerous resources- physical (oil, minerals) and institutional (regulations and policies)- both make it capable of dominating social actors (Sabry, 2019, 2021). The more organizationally cohesive and autonomous (from social actors' influence) a state is, the more powerful it is. Labor and entrepreneurs' power crucially rests on their ability to establish an efficient organizational power (Shadlen, 2002, pp. 45–46). Arguably, this is especially the case whenever their representative organizations are cohesive and independent from state manipulation. Labor, however, are often fragmented and segmented across different dimensions, which diminishes their power (Reich et al., 1973; Streeck, 2009).

The presence of a substantial informal sector and limited supply of skilled labor further diminish the power of labor unions in developing countries (Schneider, 2009). Entrepreneurs, on the other hand, could be marginalized by tycoons in broad-based business associations, are more individually isolated in comparison to workers who gain from sharing common factory space, have upward mobility and expansion opportunities- and thus have less incentive to engage in long-term coordination with other entrepreneurs, and lack the resources to fund elections (like tycoons) and the significant electoral numbers (like labor) that could influence politicians (Shadlen, 2002). On the other hand, tycoons are unique since they have collective and individual sources of power. Their resources allow them to dominate business associations- even those widely participated by entrepreneurs- and use these associations to act as a collective actor (Shadlen, 2002). Their individual power rests on their ability to fund parliamentary and presidential elections, offer significant shares of their enterprises to key officials, and assume ministerial posts in the government in many countries (Schneider, 2005, 2009, 2015).

Social collective actors have two different yet interrelated manifestations of power within SBLR. These are each social actors' power- first- vis a vis the state and -second- vis a vis other social actors. The first is reflected in the extent of the actor's ability to influence or at times even force the state to allocate resources (including policies and regulations) in a way that further its interests. The second is manifested in the actor's ability to secure a favorite access to state resources at the expense of the other social actors.

Accordingly, inter-actors' power dynamics could lead to different SBLR *modes* each of which leading to significantly different social contracts or rather variations of fundamentally similar Social Contracts when compared with the varieties resulting from a different SBLR mode. Excluding the unlikely possibility that either entrepreneurs or labor are dominant vis a vis the state and/or other social actors, only four possibilities remain: no dominant actor (*Balanced*), a dominant state and no social actor dominates the other two social actors (*State-Dominance*), a dominant state but tycoons are dominant over entrepreneurs and/or labor (*Crony*), and dominant tycoons over the state as well as entrepreneurs and/or labor (*State-Capture*) (Sabry, 2022). The last two modes refer to settings that are widely discussed in the literature.

Cronyism refers to settings where a dominant state provides favorable allocation of resources to connected and subservient tycoons and where social actors have low independent

organizational power (Adly, 2010; Begley et al., 2010; Desai & Olofsgård, 2011). In such more authoritarian settings, low political accountability and other institutional deficiencies are expected to exist. Favoritism to tycoons, however, is often combined with corporatist pacifying measures for workers and their state-controlled unions (see Desai & Olofsgård, 2011). The power of the state vis a vis social actors enables it to use discretion in policy implementation. Poor and discouraging institutions, such as low contract enforcement and strictly regulated markets, could be partly remedied by corrupt practices (Kato & Sato, 2015; Méon & Weill, 2010; Vial & Hanoteau, 2010), such as cronyism (see Vial & Hanoteau, 2010). Moreover, poor political accountability and the relative power of tycoons vis a vis other non-state social actors enable tycoons to hijack policy reforms that were originally directed to support other actors (Claessens & Perotti, 2007). The ultimate outcome is that there is likely a gap between policy formulation and implementation in Crony SBLR, where tycoons are more likely to benefit from distorted implementation.

The Social Contract that would evolve from Crony SBLR is one where tycoons are the main beneficiaries because of the state's favorite allocation of resources. Yet, labor is still protected by the state and a drastic cut in wages and social protection should not be expected. The collective actor that is likely losing from the contract is the entrepreneurs. Cronyism induces the state to support connected tycoons by enforcing stricter sectoral regulations and limit competition (see Djankov et al., 2002; Enderwick, 2005). This could be reflected in enacted regulations or distorted implementation of policies that should rather foster competition. Entrepreneurs are, however, too weak to challenge this Social Contract as they lack the organizational power to do so. They could still be satisfied by the offered scraps- such as some governmental and foreign credit lines- and promises of policy reform that are often poorly implemented. International organizations funding and developmental initiatives are important in this regard.

State Capture, on the other hand, is a situation whereby tycoons are so powerful so that they dominate the state and decision making (Adly, 2010; Enderwick, 2005). Their dominance is reflected in the way they push the state to formulate favorable policies and regulations that match their interest (Enderwick, 2005; Hellman et al., 2003; Hellman & Kaufmann, 2001). Tycoons' tend to lobby the legislature in a more fragmented and particularistic way, where they seek individualized favoritism instead of broader policy changes (Schneider, 2005). Tycoons' dominance is enabled by a more open political system- with an "incomplete process of political liberalization"- that allows different means of controlling the state, such as funding election

campaigns (Hellman et al., 2003; Innes, 2014). These more democratic settings, however, allow other social actors to organize and have an independent organizational power. Nevertheless, as discussed above, factors such as labor segmentation and the entrepreneurs' inherit organizational problem might limit the materialization of a solid and cohesive organizational representation for labor and entrepreneurs, respectively. Consequently, they would likely be less capable of challenging tycoons' dominance. As for discretion, higher levels of political accountability that are characteristics of an open political system should arguably limit government discretion in policy implementation. Thus, in comparison to Crony SBLR, the gap between enactment and implementation of policies should be minimal. Arguably, the stronger the organizational power of entrepreneurs and/or labor and the stronger the enabling institutions such as rule of law and independence of judges, the less the gap between enactment and implementation since both actors would then have the means to expose and contain discretion and distortions.

Accordingly, the Social Contract in State-Capture SBLR is one where tycoons are anticipated to reap the benefits from the enacted and implemented policies and regulations. Arguably, in return for such privileges, tycoons would be expected to generate economic prosperity that would open market chances in the expanding pie for entrepreneurs and more and well-compensated job opportunities for labor. On the other hand, tycoons are less forced to tolerate the state's pacifying measures to labor and society, which might result in growing income disparities at the expense of workers (González & Nazareno, 2021). However, the extent of labor losses in social protection policies is arguably subject to its organizational power since the open political system allows the presence of independent labor unions. The same is true for entrepreneurs; their losses in terms of competition-related policies are subject to their organizational power. The role of international funding and developmental organizations should be more effective in improving entrepreneurs' benefits (or minimizing their losses) than in the case of Crony SBLR, given the presence of higher levels of political accountability and less government discretion.

III- Methodology

The following investigation depends on qualitative data which was collected through a number of semi-structured interviews that the author has conducted in the period between March and June 2022 in Tunis. The main targets of the interviews were the representatives of the key organizations representing the main actors of SBLR in Tunisia- such as UTICA and UGTT- and Tunisian and international organizations that are in direct contact or monitoring the interaction of these actors- including local and international civil society organizations (CSOs) and international developmental organizations.

While some members of the UTICA were interviewed, several trials to meet with members from the UGTT were unsuccessful, especially given the political conditions at the time of conducting this field work coinciding with the preparations for a major general strike that was organized by the UGTT on the 16th of June 2022. Interviewing some tycoons was also not possible given the political conditions at the time. The author managed however to interview members from important Tunisian CSOs, such as the Startups Association, the Forum Tunisien pour les Droits Economiques et Sociaux- Tunisian Forum for Economic and Social Rights (FTDES), and the Avocats Sans Frontières- Lawyers without Borders. Members of prominent international CSOs and developmental organizations active in Tunisia were also interviewed. These representatives were predominantly from German organizations, such as the Deutsche Gesellschaft für Internationale Zusammenarbeit- German Society for International Cooperation (GIZ), the Friedrich Ebert Stiftung- Friedrich Ebert Foundation, and the Rosa Luxembourg Stiftung Nordafrika- Rosa Luxembourg Foundation North Africa. This is attributed to the active role played by German institutions in Tunisia, especially after the 2011 Revolution; but it is also attributed to convenience given the connection that the author had through his research institution which is founded thanks to German-Tunisian academic cooperation.

The interviewees remain anonymous with their name replaced by an acronym referring to their organizational affiliation. When an interviewee preferred to keep his organization anonymous, a more general acronym (e.g.: CSO) was used instead. A full list of the interviewees and the acronyms referring to them is placed at the appendix.

The collected data is matched with the material provided in the literature on Tunisia. This includes academic publication and the reports of key international institutions and international

and local CSOs. Some information was also collected from the websites of key enterprises or holding groups.

Given the special conditions of Tunisia, a number of clarifying notes are needed in identifying the different actors in SBLR. Tycoons mainly refer to big business families that control big market shares in different industrial and other economic sectors. This claim is supported by many interviewees (ICSO1, RLS1, and ASF1). As the analysis would reveal, the enterprises controlled by these families through holding groups are sometimes fitting the definition of SMEs, whereby medium enterprises are typically having less than 250 employees (in the USA up to 500) (OECD, 2005, p. 17). The definition of these enterprises using their turnover, revenue, or market share could reveal a different picture. Consequently, entrepreneurs are identified here as businesspeople who manage or own SMEs which are not a part of a holding group controlled by big business families.

Another important distinction is one concerning labor. The public sector is differentiated from private sector labor. Given data limitations and the above-discussed complexity of the tycoons/entrepreneurs divide, differentiating between labor working in entrepreneurs' firms and those working in tycoons' is not at times possible, also sometimes the following analysis accounts for it.

IV- The Tunisian case

The pre-Revolution Social Contract

President Habib Bourguiba (1956-1987) had established a state-corporatist order, an authoritarian state controlling various social organizations and using them in implementing its strategies and policies (Alexander, 2016). The Social Contract of this populist state-corporatist order was not unfamiliar in that period in many Arab countries, especially the post-colonial republics. The state was responsible for economic development and providing education, jobs in the gigantic public sector, food security, and other services in return to the loyalty (and depoliticization) of its citizens (see El-Haddad, 2020). Things differed under the rule of Zine El Abidine Ben Ali (1987-2011). The Social Contract of pre-Revolution Tunisia under Ben Ali was still not unfamiliar in the region and one that is typical for Crony SBLR. Many works have

discussed Tunisia's state-society relations in this period, stressing on the crony capitalist characteristics of these relations- an authoritarian state, subservient and favored connected tycoons, and less independently organized social actors (M. C. Cammett, 2007; Oubenal & Ben Hamouda, 2018; Rijkers et al., 2017).

Ben Ali inherited a post-colonial state that used to control much of the economy, including major industries, the banking system, and trade of most goods (Ben Jelili & Goaid, 2010, p. 75). Despite privatization and market-oriented reforms, the state stayed in control of different industrial sectors such heavy and oil industries (M. C. Cammett, 2007, p. 55). The state-controlled clientele crony networks of connected tycoons. During Ben Ali's era, for instance, the families of the president and his wife, the Ben Alis and Trabelsis respectively, controlled much of the private sector (Oubenal & Ben Hamouda, 2018), estimated (by a senior official at Transparency International) to be between 30% and 40% (Lewis, 2011). Empirical evidence was provided that proves that connected tycoons enjoyed favorite treatment that enabled them to control large market share, have higher output and profits, and enjoy high growth rates (Rijkers et al., 2017). Crony networks controlled the UTICA (Oubenal & Ben Hamouda, 2018, pp. 5–7) and businesspeople did not use it to lobby the state, preferring to use informal connections instead (M. C. Cammett, 2007, pp. 6–12).

On the other hand, the biggest and the only accepted representative of labor interests, the UGTT, had a special relation with the state. The UGTT was one of the major political forces in the Tunisian struggle for independence; and it became a central force in the post-independence Bourguiba's regime. This was taking place at a time when the state was leading industrialization and the private sector did not play a significant role (M. Cammett, 2005; Oubenal & Ben Hamouda, 2018). Although Bourguiba then Ben Ali managed to limit the independence of the trade union, the control was not complete and the UGTT managed to secure some margin of independence and at times went against the state, as evident from the events preceding the Revolution and during the Revolution itself (Bishara, 2020; Yousfi, 2021). Such a significant role that was played by the UGTT enabled it to effectively defend labor's interests, and especially public sector labor in front of economic liberalization waves. Even with external considerable pressure to introduce contract flexibility, Tunisian actual level of implementation was low relative to the MENA region and was even less for the public sector (M. Cammett & Posusney, 2010).

Thus, the Tunisian Social Contract under Ben Ali to a great extent resembled the typical Social Contract under Crony Capitalism. A dominant state provided favorite treatment to connected tycoons but tried to balance this by the remnants of the post-colonial state corporatist arrangements such as providing food subsidies and a relatively high degree of social protection to workers, especially in the public sector. For instance, Ben Ali pressured tycoons to contribute in social initiative programs and provide employment (Oubenal & Ben Hamouda, 2018, p. 5). The relative power of the UGTT, even if not fully politically independent, played a role in safeguarding labor social rights comparatively more than in other countries in the MENA region. In exchange to state favoritism and social protection, tycoons were expected to be strongly loyal, and the other social actors were anticipated to stay depoliticized, something that the 2011 uprisings proved to be unsustainable.

The post-Revolution Social Contract

A- The main actors' reconfigured power allocation

The 2010-2011 Revolution had a considerable effect on the allocation of power among the considered state and social actors and the power dynamics governing this relation. Before exploring the post-Revolution Social Contract, it is important to investigate the new power allocation and power dynamics among these actors.

A quick look on a number of indicators reported in Table 1 could help us figure out the changes in power allocation between the pre- and post-Revolution periods in a comparative perspective with the Arab and world averages. Figure 1 shows the development through time of some of these indicators. The data used in both are collected from the Institutional Profiles Database (IPD), International Labor Organization (ILO) and Varieties of Democracy databases (*Institutional Profiles Database (IPD)*, n.d.; International Labor Organization (ILO), n.d.; University of Gothenburg, n.d.). The different indicators are rescaled into a percentage scale. A detailed description of the indicators is reported at the appendix.

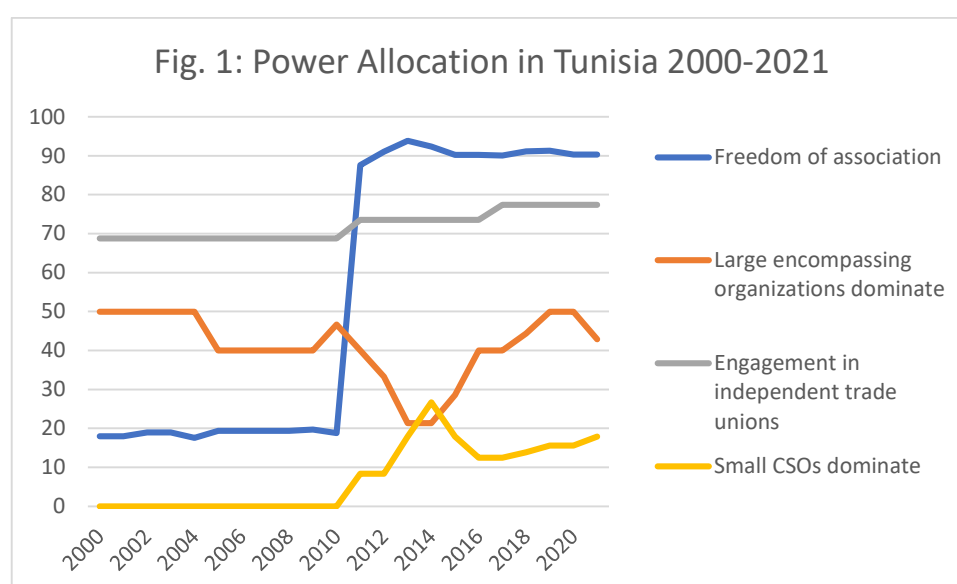
Freedom of association, trade union freedoms, and independence and pluralism of trade unions have all dramatically increased between the two periods by more than one or two standard deviations. Before the Revolution, they were significantly below the world average, but they surpassed it after the Revolution. Engagement in independent trade unions was always higher than the world and Arab averages, but it increased after the Revolution. Despite this increase in the comparative power of the trade union, its density is still lower than the world

average. On the other hand, plurality in organizational representation has increased after the Revolution, where large encompassing organizations' dominance decreased and small civil society organizations' (CSO) dominance increased. Large encompassing organizations dominance remained, however, higher than the world and Arab averages.

Table 1: Power Allocation in Pre- and Post-Revolution Tunisia in a Comparative Perspective

year	2000-2010			2011-2020			Std. Dev.	Source
country	Tunisia	Arab	World	Tunisia	Arab	World		
Freedom of association	18.89	34.41	71.46	90.80	39.55	71.99	28.90	V-Dem
Large encompassing organizations dominance	45.15	26.74	26.52	36.91	24.65	25.23	19.03	V-Dem
Small CSOs dominance	0.00	10.22	13.49	14.94	10.81	11.57	16.41	V-Dem
Trade union density rate (%)	..	..	..	20.40	..	24.21	18.59	ILO
Trade union freedoms	37.24	36.97	69.31	81.25	52.13	67.64	28.09	IPD
Engagement in independent trade unions	68.82	46.41	55.24	75.06	48.87	55.58	19.78	V-Dem
Independence and pluralism of trade unions	25.00	43.75	76.63	68.75	46.67	61.85	29.92	IPD

The Data is collected from the IPD, ILO, and V-Dem datasets (*Institutional Profiles Database (IPD)*, n.d.; International Labor Organization, n.d.; University of Gothenburg, n.d.) and rescaled into a percentage scale. The figures are for period averages while the standard deviation refers to the whole dataset.



The post-Revolution state was generally weaker than the Ben Ali's state. The Islamist-Secularist polarization that escalated in 2013 and plagued the political system thereafter led to constitutional deadlocks and paralyzed the power of the state (Carboni, 2022; Tamburini, 2022). ICSO1 believed that the political system was deliberately constructed- by old regime

elites who had joined the post-revolutionary scene- in a way that would lead to power fragmentation and prevent the dominance of one political party, with the meant political party being the Islamist Nahda. The fierce political polarization on ideological lines matched with the incapability of a single political force to dominate the scene, leading to instability that was reflected in a frequent change of cabinets (Carboni, 2022). Furthermore, the power struggle among the members of the ruling coalition and between the president and the prime minister were likely responsible for the state incapability to implement “a coherent long-term economic strategy” (Paciello, 2013).

The bureaucratic apparatus of the state was also an arena for the power struggle. The early post-Revolution period witnessed trials of Al-Nahda to infiltrate the public administration apparatus, where the vast majority of new public sector recruits came from the party and its supporters. The party also tried to infiltrate the security and judiciary apparatuses. This trend was, however, reversed after the rise of Nidaa Tunis in the post-2013 events and its electoral success in 2014. Al-Nahda’s supporters in the administration were then balanced by Nidaa Tunis’ supporters (Boubekeur, 2016).

Startup1 suggested that the frequent change of ministerial cabinets meant disruption of reforms. As pointed out by GIZ1 , it takes time until the impact of a newly appointed minister on policies is felt; this time was hardly secured for any minister in the post-Revolution period. Even if new ministers were interested in reform, added Startup1 , some information might have been blocked from them by the administration, especially with the low level of digitalization. Such tensions between ministers and the administration could arguably be a biproduct of political polarization. This is particularly relevant to the anti-Nahda sentiments of much of the administration, which reduced government effectiveness and contributed to reform blockage (Marzo, 2019). Such tensions likely contributed to the diminishment of state power.

All of this could be added to the inherent low capacity of the state, where coordination between different departments is greatly missing, as pointed out by GIZ1 and GIZ2 . The former asserted that there were too many actors within the government and none with sufficient executive power over others. Many ministries would often have to deal with an issue. This could be added, as GIZ1 and GIZ2 pointed out, to the unwillingness of officials (especially at a lower level) to take important decisions and being held responsible for the consequences.

The legislative function of the parliament was also paralyzed because of the persisting political conditions. The parliament was unable to pass sound policies due to the “collusive

competition” taking place among the dominant political parties, as a part of the “consensual politics” characterizing this period. The fragmentation of political power among different contending political powers each of which was unable to get absolute majority made it important to appoint technocrats as ministers to form national unity governments. Consequently, the technocratic elements in the government were increasingly taking over the responsibility from political parties in terms of taking decisions and implementing policies. Furthermore, such reliance on technocratic and national unity governments diminished the value of political competition and political accountability and led to a drastic fall in the popularity of democratic institutions and the existing political parties (Carboni, 2022), as reflected in lower voter turnout in late elections (Aliriza, 2020; Carboni, 2022; Marzo, 2019). This should have contributed to erosion of state legitimacy and the base of its power.

A major opening up of the political system in Tunisia has strengthened the organizational power of non-state actors. Social actors’ organizations became more entitled to represent their constituencies. UTICA1 , a head of a chamber within UTICA, asserted that, following the revolution, the chamber gained power to present policy proposals and recommendations for the government. Before the revolution, the general economic policies together with implementation strategies used to come from the president aided by his own consultants. Now the chamber can conduct studies, propose strategies, and pressure for changes. These are then presented to the parliament or the executive, and the efforts of the chamber are often rewarded by the actual formulation of relevant policies and strategies, although implementation is rather unsatisfactory. The role of the chamber is further supported by the recognition of international organizations, such as the International Labor Organization (ILO), which frequently consult with the chamber on relevant issues.

Nevertheless, tycoons increased their access to political power and exploited the newly established democratic institutions. In the Tunisian context, and based on Startup1’s assessment, tycoons mainly refer to big business families whose individual members do not necessarily control large enterprises. This is confirmed by checking the information on the enterprises highlighted in the investigative work on state-business connections and network in Oubenal and Ben Hamouda (2018). The authors mentioned a number of big business families which persisted and some even strengthened their grip over different markets after the Revolution by controlling the confiscated assets of Ben Ali-related enterprises. These families include the Mzabi, Ben Yedder, Bouchamaoui, and Horchani. Their holding groups control several enterprises with diverse activities in different economic sectors. For instance, the

Horchani Group has enterprises in the industrial sectors of food production, textile reconditioning, mining, and electrical transformers as well as in finance, tourism, and real estate (Groupe Horchani, n.d.). The Mzabi Group has enterprises in the automotive, leather, agri-food, and plastics industries as well as in different sectors such as tourism, real estate, and finance. The group controls more than 30 enterprises with a total workforce of 3 thousand employees (Mzabi Group, n.d.). This suggests that many of these enterprises fit the classification of SMEs despite of belonging to a large holding group.

In the post-Revolution period, the grip of the Ben Ali's state on clientele and crony networks was loosened, and tycoons were freed to pursue their interests more free-handedly. They joined dominant political parties- whether Al-Nahda, Nidaa Tunis, or others. Their funding was also needed for political election campaigns (Oubenal & Ben Hamouda, 2018).

The persistence and/or the reemergence of the Ben Ali's administration has meant that tycoons' access to favorite allocation of resources was still possible. The Ben Ali administration and its networks persisted or returned via two roots. The first was through joining the elements who rallied behind Beji Caid Essebsi and his call to form Nidaa Tunis, a secular political party that was meant to balance the power of the Islamist Al-Nahda (Boubekeur, 2016). The second was through state functionaries presenting themselves as independent technocrats. Administrators have kept a distance from party policies during Ben Ali and maintained some sort of independence, and this saved their image in the post-Revolution period. At the time of increasing polarization, they were needed for their expertise, maintained their political independence, and succeeded in influencing other state institutions. Having these independent technocrats as ministers increased in the aftermath of the 2013 events and the roadmap that followed and induced the establishment of national union governments (Carboni, 2022).

The reassimilation of the old elites to the political scene should have meant the revival of their networks of favoritism, yet without the control which the state had had on tycoons during Ben Ali. Other than gaining power through political parties and the parliament, tycoons allegedly gained power through their control over UTICA, the only accepted representative of business interests in social and economic dialogues. Even though UTICA¹ stressed on the equal rights businesspeople- regardless of being tycoons or entrepreneurs- have at UTICA, ICSO¹ believed that UTICA represents mainly the interests of tycoons and that they have

means to control the association's elections. ASF1 suggested that this explains why big families are still controlling UTICA in the post-Revolution period.

The banking sector represents another source of tycoons' power. The banking sector is largely controlled by the state, but the presence of big business families is also strong (Oubenal & Ben Hamouda, 2018). ASF1 implied that the grip of big families over the financial system is taking place whether indirectly through the influence over the state or directly through their direct ownership of private banks. RLS1 and ASF1 pointed out that big business families that control the private and industrial sector have controlling shareholding positions in important private banks.

Although SMEs represent a substantial share of private firms that reaches 94.3% in the formal manufacturing sector (Guesmi & Moisseron, 2018), entrepreneurs lack much of the power entertained by tycoons. Agreeing with the discussed-above theoretical suggestions, they lack individualized sources of influence through political parties and election campaigns funding. SME1 and SME2 (interview 4) asserted that UTICA gives many chances to entrepreneurs and provides valuable information. However, as mentioned above, UTICA1 on one hand and ICSO1 and ASF1 had different assessments on whether UTICA equally represents the interests of tycoons and entrepreneurs. According to ICSO1, the lack of sufficient interest representation for SMEs has led entrepreneurs to break from UTICA and seek the membership of other business associations. CONECT, established in 2012 from former UTICA members (Paciello, 2013), is another business association that is comparatively more representative of SMEs and entrepreneurs. However, as many interviewees agreed- including UTICA1 - CONECT is not permitted to enter social and economic dialogues between the different social actors and UTICA has the exclusive right to represent all businesspeople. Tunisia has a venture capital association- the "Tunisian Private Equity and Venture Capital Association" (ATIC)- and another for business angels- the "Carthage Business Angels Association." However, their power and ability to influence policies seem extremely limited, given the insignificance of both financial tools in Tunisia. Many interviewees, including Startup1 and RLS, have stressed on such insignificance of such private equity tools. This, added to tycoons' control over the banking sector, aggravate entrepreneurs' weakness.

As for labor, UGTT represents the major organized social actor in the post-revolutionary scene. The fall of the grip of the state with the fall of Ben Ali freed the trade union from state political control. The UGTT resumed the role of a dominant political player, and it was one of

the major forces that stabilized the political system in the face of serious challenges in 2013 and pushed political players to adopt a roadmap during the National Dialogue with UTICA and different political players. Despite assuming the role of a national political actor, as FES1 believes, the union continued to defend more the interests of public sector labor, as attested by FTDES1, RLS1, and ASF1. FES1 pointed out that there is a remarkable increase in the membership and the membership share of the private sector almost doubled within the union. The representation of the union for private sector workers is especially active in the automotive and textiles industries where it respectively represents about one half and one sixth of the workforce in these sectors. However, as the interviewee also mentioned, only around 20% of UGTT members come from the private sector. It is to be noted that the private sector is responsible for 48% of employment and the manufacturing sector that is predominantly controlled by the private sector is responsible for about 35% of total employment in Tunisia (Aliriza, 2020). This points out the overall deficiency in labor representation in Tunisia.

There are other labor unions in Tunisia (e.g.: the General Confederation of Tunisian Workers- CGTT- and the Tunisian Labour Union *Union Tunisienne du Travail*- UTT). However- as the case with UTICA and business representation- the UGTT is the exclusive representative of labor in social dialogues (Paciello, 2013). The UGTT is relatively more alarmed by the presence of competitive organizations. According to RLS2 , when some trade unionists who were frustrated from the UGTT leadership split and formed a new union, the UGTT leadership blamed their ideological enemy- Al-Nahda- for being responsible and conspiring to fragment the labor movement. UGTT is active in public-private dialogues (PPD) whether with the state and UTICA- as in the National Council of Social Dialogue PPD founded in 2018- or, as pointed out by UTICA1 , in direct negotiations with UTICA even on the sectoral level.

Thus, the power allocation in the post-Revolution period made tycoons and the UGTT- representing mainly public sector workers- the most powerful actors in SBLR. In comparison to the Crony SBLR mode of Ben Ali, the power of both actors expanded dramatically and they became more independent from the grip of the state. The weakest actors remained the entrepreneurs and private sector labor. Moreover, the balance tilted against the state, making it one of the likely weaker actors in post-Revolution SBLR.

B- Actors' interactions and industrial policies

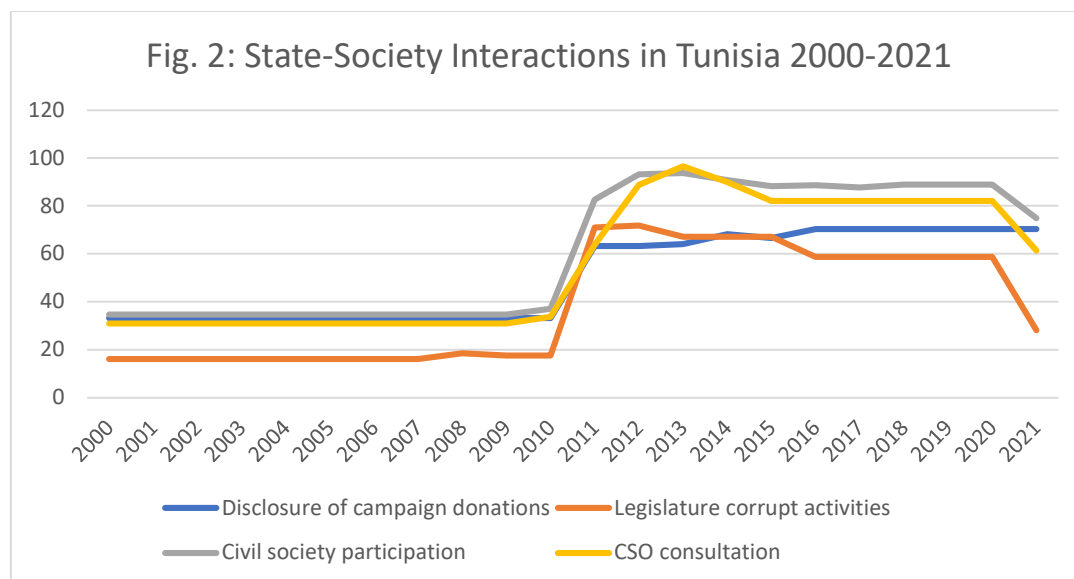
The new power allocation affected the interaction between the main actors in SBLR in Tunisia. Table 2 shows some indicators of the characteristics of state-society interactions in pre- and post-Revolution Tunisia, while Figure 2 shows the development through time of some of these indicators (full description of the indicators is reported at the appendix).

Legislature (lack of) corrupt activities and disclosure of campaign donations- both of which could provide insights on possible routes for tycoons' realization of favorite allocation of resources- have substantially increased (by more than two and one standard deviations respectively) between the two periods and surpassed both the world and Arab averages. Legislature (lack of) corrupt activities has, however, started to gradually fall after 2012 and sharply after 2020. A further relevant indicator is the consideration of public interest in state-business relations, which has decreased by more than a standard deviation between the two periods, changing from being higher to lower than the world and Arab averages. On the other hand, civil society organizations' participation and consultation have increased by more than two standard deviations between the two periods, surpassing the world and Arab averages. Public-private cooperation only very slightly increased and remained higher than the world and Arab averages. As for labor, collective bargaining coverage slightly increased after the Revolution and remained above world average, while the strike activity remained below the world and Arab averages. Remarkably, considering public interest by workers' organizations has decreased after the Revolution, but by less than a half standard deviation and it remained higher than the world and Arab averages.

Table 2: State-Society Interactions in in Pre- and Post-Revolution Tunisia in a Comparative Perspective

Year	2000-2010			2011-2020			Std. Dev.	Source
Country	Tunisia	Arab	World	Tunisia	Arab	World		
Disclosure of campaign donations	33.18	32.98	45.20	67.71	36.72	49.86	22.39	V-Dem
Legislature (lack of) corrupt activities	16.59	34.57	43.35	63.77	36.60	43.30	19.11	V-Dem
Civil society participation	34.92	38.50	66.32	89.14	46.04	67.78	24.31	V-Dem
CSO consultation	31.25	32.91	53.58	83.17	38.57	53.83	21.02	V-Dem
Public-private cooperation	66.57	34.34	52.56	66.67	56.02	63.05	24.05	IPD
Considering public interest in state-business relations	75.00	55.27	56.62	43.75	52.08	50.79	23.65	IPD
Considering public interest by workers' organizations	75.00	35.10	45.72	66.67	40.79	49.72	21.25	IPD
Collective bargaining coverage rate (%)	54.90	..	40.56	56.48	..	38.19	31.56	ILO
Scale of strike movements	50.00	71.88	71.95	50.00	50.44	51.04	26.73	IPD

The data is collected and calculated similar to Table 1.



Now liberated from state control over clientele networks, tycoons started to act on their own to secure their privileged access to resources. There were two possible ways for tycoons to accomplish this objective. The first could be blocking legislations and formulation of policies that endanger their interests and enacting legislations and formulating policies that have the opposite effect. The second would be rather to ensure the lax implementation of legislation and policies detrimental to their interests. A combination of both strategies could also be anticipated.

There is little evidence that tycoons followed the first strategy. Many relevant policies and legislations were strongly supported by international development organizations and foreign donors at a time when the Tunisian economy was at urgent need for foreign assistance. As pointed out by RLS1, it was often the case that resistance was rather posed by civil society organizations, with the government insisting and retrying to pass legislations that were recommended and supported by foreign donors. This was the case, for instance, with the investment improvement laws which were finally enacted in 2019 after much debate. They aimed at encouraging foreign investment through fostering public-private partnerships (PPP), providing equal chances for foreign capital as those provided to local investors, and facilitating foreigners' ownership of land for their business activities. Tycoons did not pose a remarkable resistance to these laws that could have endangered their market dominance. This seems to agree with the assessment of GIZ1 and GIZ2 who did not believe that tycoons block reform and even, as the former asserted, they likely have an interest in reform since they suffer from the inadequate quality of certain facilities.

As for the second strategy, however, there is more evidence that tycoons benefit from, if not deliberately support, the lax and discretionary implementation of various policies and legislation that affect their market dominance. As pointed out by RLS1, tycoons used their connections with the administration, dating back from Ben Ali's time, in securing access to export licenses and various privileges that ensured their dominance in their sectors. The bureaucratic apparatus of the state seemed to matter more than the ministries, given the frequent change of governments that Tunisia witnessed in the post-Revolution period. The state weakened by polarization, instability, and inefficiency- as discussed earlier- was incapable of blocking tycoons' power. RLS1 pointed out that when the government enacted laws that aimed at encouraging investment, and especially foreign investment, tycoons continued using their relations with the administration in subduing the impact of the law on their dominant positions in their respective sectors. However, tycoons were happy to abide by the laws if this would help in bringing foreign investors who could be potential partners in these sectors.

Tycoons' control over the banking sector played a considerable role in limiting sectoral competition and preserving tycoons' interests. Startup1 attested that banks avoided financing entrepreneurs and preferred not to engage in risky investments. This could be partly attributed to the ineffectiveness of the legal framework and poor judicial system that increase risks such as the inability of properly recovering collateral on defaulting loans (Mouelhi & Ferchichi, 2017). Yet, this does not seem to entirely explain this behavior. Stölting (2015) asserted that banks do not provide sufficient funding for SMEs even innovative firms with sound business model. RLS1 added that private banks are financing business activities related to the business of their shareholders, tycoons coming from big business families. Even though much credit aiming at promoting SMEs poured into the country from European and international donors, their effort seemed to largely fail. Credit lines from these organizations were not directly given to entrepreneurs and SMEs. They were rather channeled to domestic banks which then played an intermediary role by channeling these funds to the supposedly targeted beneficiaries. Nevertheless, Startup1 pointed out that the funds were likely to go to big business families who are having business holdings with their constituent companies posing as SMEs. Unconnected entrepreneurs lacked information and the ability to present an acceptable proposal to obtain funding. RLS1 pointed to a case that is worth mentioning in this regard. The German KfW provided a fund to help Tunisian SMEs in getting over the COVID-19 consequences. Only a tiny part of the fund (about 10%) that was channeled into domestic banks ended reaching their target. SMEs having hardships before the COVID-19 crisis was denied access to this aid.

Other means of financing that could benefit entrepreneurs, such as venture capital and generally private equity, are underdeveloped. After the revolution, there was remarkable improvement in the regulatory and legal framework related to private equity, together with tax incentives. This encouraged the establishment of several private equity investment vehicles (e.g.: SICARs investment companies, FCPRs mutual funds, and FAs funds for startups). Yet, private equity investments stayed still insufficient (Stölting, 2015). Startup1 has confirmed that the growth of venture capital is rather slow. There are insufficient efforts exerted to support open banking and crowd funding which could challenge banks' dominance over the credit market. For instance, the law on crowd funding that had already been enacted was frozen since two years. Startup1 shared the doubts that there are interests, including that of tycoons', in blocking reform so that things remain as is.

Other obstacles limited SMEs' chances to compete. Many industrial sectors have high restrictions and barriers to entry (Mouelhi & Ferchichi, 2017). As pointed out by ICSO1, even if Tunisia looked on paper as abiding to a great extent with the recommended deregulations of the World Bank's doing business reports, other meaningless obstacles (e.g.: need to own a considerable number of trucks) hindered the formation of new businesses. The interviewee believed that these restrictions were deliberately put to hinder competition. On the other hand, business startups suffered from slow implementation of laws and regulations that should have fostered their growth. Startup1 asserted that startups have the leverage of the World Bank and international organizations. The startups association managed to collaborate with the government in passing the Startup Act in 2019 supporting their activities. However, at the time of the interview, only half of the points tackled by the law were implemented, only half of these were satisfactory implemented. There are also problems in terms of interest representation. The startups association refuses the offer to establish a chamber inside UTICA. The members of the association feel that they would not be well represented by UTICA or even CONECT, since startups require a different ecosystem, such as the need for quick internationalization. The startups association's efforts, however, are more directed towards raising awareness among the state and business associations such as UTICA and CONECT about the opportunities presented by startups. There is some witnessed improvement in this regard in terms of the ecosystem. However, the organization is often neglected in important state-business policy discussions.

Social protection policies represent another area of power conflict in SBLR in Tunisia. As a powerful actor, UGTT manages to defend the salaries and labor rights of mainly public sector employees (Aliriza, 2020). Such success is not always regarded favorably, given budget

constraints and productivity concerns. GIZ1 considered UGTT to be the major force blocking reform and implementation of policies, rather than tycoons. Amid the economic hardships facing post-Revolution Tunisia, the UGTT managed to raise public sector salaries, regarding this as its major accomplishment (Vatthauer & Weipert-Fenner, 2017). As pointed out by RLS1, the wages of public sector industrial labor are outside the government budget and are thus rather saved from international organizations' pressure aiming at cutting the budget deficit by reducing public wages. Public enterprises' profitability has been greatly affected by the devaluation of the dinar given their dependency on imported goods (such as petroleum and wheat). There is often a discussion on the restructuring of those enterprises, but nothing is done. In fact, facing a dire unemployment problem, public enterprises doubled their employment in the aftermath of the revolution, reaching 180 thousand employees by the year 2016 (Vatthauer & Weipert-Fenner, 2017).

The UGTT also defends the interests of private sector labor, even if not as strong as in the public sector. SME1 and SME2 believed that workers are too much protected and that labor laws are too strict. This agrees with international accounts, including a World Bank study on Tunisia, on the lack of flexibility of Tunisian labor laws (Angel-Urdinola et al., 2015).

Nevertheless, many interviewees have pointed out to the poor implementation and enforcement of various labor laws in the private sector in a way that diminishes actual social protection to private sector labor. FTDES1 and ASF1 have pointed out how big business and especially MNCs do not abide to these laws in terms of social protection. SMEs, on the other hand, lack the needed financial resources to offer the required social protection for their labor. There is rather another way by which businesspeople escape strict labor laws. Angel-Urdinalo et al. (2015) pointed to the widespread practice of offering only fixed-term contracts to private sector labor and limiting the employment to four years, since the law obliges firms to offer permanent contracts after this period. At times workers are not offered a formal contract at all (Aliriza, 2020). Moreover, the social protection offered in the case of job loss is inadequate (Angel-Urdinola et al., 2015).

The textile sector is particularly held responsible for various notorious violations in terms of social as well as health and safety-related protection (Aliriza, 2020). FES1 mentioned how informal work could be present even in the formal sector, where it is common in the textile sector to have jobs without formal contracts. In these cases, UGTT is incapable of defending workers' rights, rather than not being interested to do so. According to RLS1, sometimes

textile foreign enterprises sign short-term contracts with local businesspersons who temporarily own factories (or even rent them), rent sewing machines, and employ workers, more often women. At the end of the contract, the firm ceases to exist, making it too hard for courts to protect workers.

Another rather often disregarded aspect of social protection is the protection from health and safety hazards. FTDES1 and ASF1 have pointed out to how tycoons and especially MNCs violate such regulations. Environmental laws are written in a way that makes application more voluntary rather than obligatory. Enacted laws do not match international standards which the Tunisian state have signed, which opens the way for various violations especially from powerful firms. SMEs, on the other hand, lack the resources to implement these regulations. Even in the public sector, where the UGTT is more active, severe violations are witnessed as is the case in the phosphate mining industry. Workers are subjected to dangerous vapors whether at their working place or at the nearby local community where they reside. The UGTT fails to identify safety and environmental hazards as important aspects as welfare benefits and wage protection. This could be attributed to lack of awareness.

C- The Characteristics, Winners, and Losers of the New Social Contract

Table 3 helps in identifying the gainers and losers in the pre- and post-Revolution periods in Tunisia, while Figure 3 shows the development through time of some of the chosen indicators (full description of the indicators is reported at the appendix).

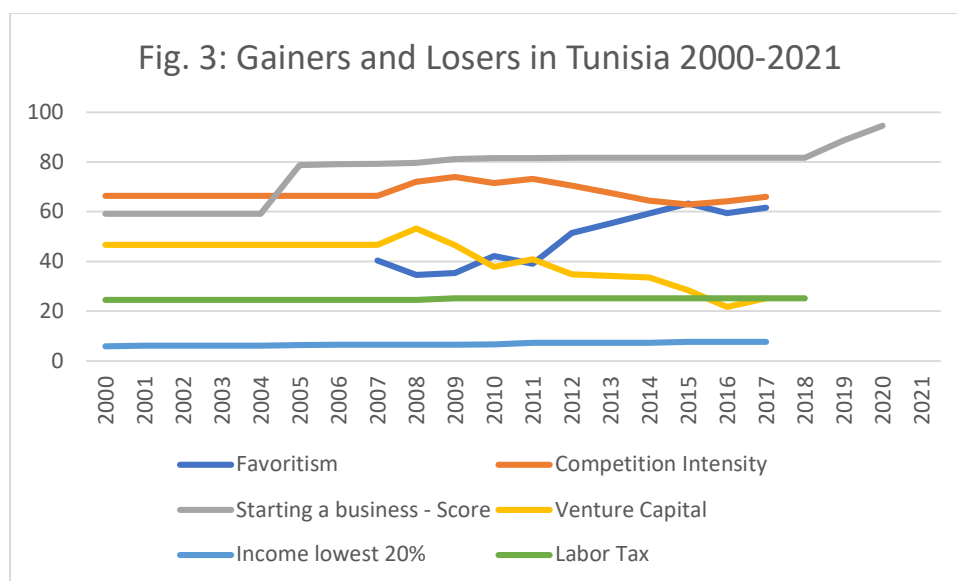
Four indicators suggest an increase in tycoons' gains from the new post-Revolution Social Contract. Favoritism and market (lack of) dominance respectively increased and decreased by more than one standard deviation between the pre- and post-Revolution periods. Anti-monopoly effectiveness and competition intensity also both deteriorated, the latter only slightly. However, Tunisia's scores in these indicators were comparatively higher than the world and Arab averages, an indicator of a rather milder tycoons' power, with the exception of market (lack of) dominance. There are other indicators that suggest the presence of some gains to entrepreneurs. The significance of microfinance, getting credit, and starting business have all improved, but by less than one standard deviation and (except starting a business) remained below world average. Venture capital, however, has dramatically fallen by more than one standard deviation, falling below the Arab- but not the world- average. As for labor, some gains are suggested by the increase of less than one standard deviation of the income share of the

lowest 10% and 20% of wage earners and a slight increase in the labor tax between the two periods. Tunisian scores surpassed the world averages and the Arab average for labor tax in the post-Revolution period. Other indicators reveal that employment contract protection and recognition of occupational health and safety are higher in post-Revolution Tunisia than the Arab and world averages. Yet, the coverage of labor general social protection and disability benefits are still far below the world average.

Table 3: Gainers and Losers in terms of Policies in Pre- and Post-Revolution Tunisia in a Comparative Perspective

year	2000-2010			2011-2020			Std. Dev.	Source
country	Tunisia	Arab	World	Tunisia	Arab	World		
Favoritism	38.15	57.93	54.12	55.62	60.56	64.33	15.21	GCI
Market (lack of) Dominance	64.98	47.88	46.35	49.74	43.31	43.82	14.13	GCI
Anti-Monopoly Effect.	63.79	45.17	48.35	52.40	43.73	47.48	14.62	GCI
Competition Intensity	67.96	63.16	62.16	66.94	62.77	62.94	11.58	GCI
Significance of microfinance	25.00	23.44	34.76	45.83	42.66	52.32	26.47	IPD
Getting credit	30.68	20.75	43.23	50.00	33.93	54.25	24.05	DB
Starting a business	70.46	54.45	64.75	83.59	74.75	78.91	19.55	DB
Venture Capital	46.42	35.80	34.68	31.21	32.06	28.71	14.76	GCI
Income lowest 20%	6.37	7.67	6.47	7.49	7.92	6.92	2.10	ILO
Income lowest 10%	2.50	3.16	2.53	3.03	3.27	2.74	0.79	ILO
Labor tax	24.73	15.11	16.97	25.30	15.22	16.20	11.48	WDI
Employment contract protection	..	..	..	62.50	53.70	59.61	20.56	IPD
Adequacy of social protection labor programs	3.80	25.78	23.99	3.80	25.12	25.81	..	WDI
Recognition of occupational health and safety	..	..	..	62.50	43.40	54.36	26.60	IPD
Disability social protection benefits	..	..	..	5.10	7.20	30.65	38.79	ILO

The data is collected and calculated similar to Table 1.



Based on the previous discussion and the provided statistics, it could be said that the new Social Contract in the post-Revolution Tunisia is shaped by the presence of a less dominant state, more powerful tycoons, a well-defended lobby of public-sector labor, and more organizationally empowered- yet not necessarily influential- other social actors such entrepreneurs and private sector industrial labor. With such determinants, state-society relations in Tunisia lean more towards “State Capture,” with the exception being the considerable organizational power of public sector labor manifested and exercised through the UGTT. While some features of the power allocation in post-Revolution Tunisia resemble that of countries passing a (problematic) transition towards democracy, others are relatively special for the Tunisian case and related to the pre-Revolution period. True that democratization contributed to a change in power allocation among the different actors, but the initial power allocation also shaped the democratization process and the new Social Contract. This refers to the initial relative power of the UGTT and tycoons and organizational weakness of entrepreneurs when the state is taken out of the equation.

The Social Contract in post-Revolution Tunisia has the following broadlines. Its characteristics include political empowerment of social actors, a state that is less dominant and more open to social influence, and a social acceptance for a relatively more powerful position for tycoons in return for aspirations of more economic prosperity yielded by their large investments. In contrast to the Social Contract of pre-Revolution Tunisia and much of the Arab World, the state in post-Revolution Tunisia is less capable of controlling its former clientele networks of tycoons and delivering social benefits to other social groups to compensate for favoritism. Neither are social actors expected to remain apolitical.

Such conditions foster further political instability and make the Social Contract unsustainable, even more than the former Crony Social Contract. High levels of favoritism that is more exposed by free media and democratic institutions combined by lower social deliverables continuously create high levels of social tension. Instability, inefficiency, and an interest in keeping the status quo to preserve existing interests prevent the enactment or the actual implementation of reform and recommended policies. This is then reflected in lower foreign and domestic investment, low innovation, and the persistence of low value-added industrial activities, all of which are characteristics of the Tunisian industrial sector (see Nucifora et al., 2015). Consequently, the failure of tycoons, including multinational corporations, to significantly increase their investment and create more jobs remove any justification for accepting their dominance over the political system. Even when weaker social actors are incapable of effectively organizing themselves or aggregate enough power to challenge the status quo, accumulating social frustration would ultimately lead to further political instability, aggravating the already existing instability because of ideological polarization.

The rise of Kaiis Saied and the popularity of his anti-democratic measures in 25th of July 2021 could be understood in the light of these conditions. His appeal that promised to restore the power of the state through restoring the power of the president at the expense of the power of unstable parliamentary governments, fighting corruption, and drying up the channels of influence of big business flowing through political parties nurtured on the social frustration from the transitional period and the State-Capture Social Contract of that period (see Tamburini, 2022). Rather than fighting favoritism and its deep-rooted networks, however, Saied seems determined to liquidate the democratic institutions that are supposed to lead to a more balanced Social Contract, the democratic institutions that enable different social actors to organize and protect their interests.

V- Conclusion

This paper has explored the characteristics of the post-Revolution Social Contract in Tunisia and compared it to the Social Contract of the pre-Revolution period. It argued that while the latter tended to be one with Crony Capitalist characteristics, the former leaned more towards

State-Capture. In the post-Revolution Social Contract, social actors were mobilized and allowed political and independent organizational rights. The more dominant tycoons were allowed more favorite allocation of resources without economic and political control from the state in return to the expectations of generating economic prosperity. The weakened state was less expected to offer social deliverables. Public sector labor- represented by the UGTT- had exceptional power and represented a second power pillar in the Social Contract that was capable of defending its interests. Entrepreneurs are one of the weakest players but accepted the contract in the hope of having some benefits thanks to international aid programs that target the growth of SMEs, even when the outcome was much disappointing and did not meet expectation. Finally, the other weak player, private sector labor accepted the contract that placed them at a much disadvantage in the hope of better economic conditions and the fear from slipping into worse prospects such as working in the even less regulated informal sector or unemployment. Political freedoms that expose favoritism and mobilize social actors, the failure of tycoons including MNCs to bring the expected economic prosperity, and the growing weakness of the state because of political polarization all contributed to making such social contract less sustainable, opening the way for the events following the 25th of July 2021.

The breaking up of democratic institutions, limiting the independence of social actors, and the return of an authoritarian state as the most powerful actor in SBLR seem not to provide the needed alternative to the troublesome post-Revolution Social Contract in Tunisia. The Crony Social Contract has already proved to be unsustainable, not only in Tunisia but in much of the Arab world. The oil-rich Gulf states seem to be exceptional, but their clientele networks are financed by generous flows of petrodollars and all social actors benefit from these flows. This is not possible in the rest of the Arab world suffering from limited resources and where the state is increasingly withdrawing from the economy to cut its huge budget deficit. A Social Contract that is formulated by a more balanced power allocation between the different actors without a strongly dominant actor, whether the state or tycoons, seems to be the only feasible way to have a more sustainable arrangement. Only such arrangement could break much of the deadlocks that blocked and slowed down reform, limited investment and innovation, and locked the Tunisian industrial sector into rent seeking and low value-added activities, despite the great geographical, resources, and potential that the country has.

Strengthening state capacities could be one of the means for realizing this objective, as implied by GIZ1 and GIZ2. More digitalization and the facilitation of coordination between various state departments would leave little room for ambiguities and inefficiencies that permit

discretion and invite favorite allocation of resources. GIZ2 considered the inherited heavily regulated and closed nature of the Tunisian economy as a major challenge for reform, believing that the remedy is more deregulation and liberalization. On another similar track, strengthening the rule of law, the efficiency of the judicial system, as well as judges' independence would arguably reinforce law enforcement and leave less space for discretion and violations that benefit favoritism. Yet, strengthening the power of social actors' interest representation, and especially entrepreneurs and private sector labor, would permit more competition, higher productivity, less exploitation, and better living conditions. This would ultimately bring more prosperity and inclusive growth together with fostering the sustainability of the Social Contract.

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Appendix

List of Interviewees (ordered chronologically)

UTICA 1: UTICA head of one of the associations' chambers.

Startup1: A member of the Startups Association in Tunisia.

SME1: An owner/manager of an SME and a member of one of UTICA's chambers.

SME2: An owner/manager of an SME and a member of one of UTICA's chambers.

ICSO1: A Tunisian representative of an international civil society organization that promotes the private sector.

GIZ1: A head of one of the *Deutsche Gesellschaft für Internationale Zusammenarbeit*- German Society for International Cooperation (GIZ) programs in Tunisia.

FTDES1: A member of the *Forum Tunisien pour les Droits Economiques et Sociaux*- Tunisian Forum for Economic and Social Rights (FTDES).

RLS1: A member of the *Rosa Luxembourg Stiftung Nordafrika*- Rosa Luxembourg Foundation North Africa in Tunisia.

ASF1: A member of the *Avocats Sans Frontières*- Lawyers without Borders in Tunisia.

GIZ2: A head of one of the *Deutsche Gesellschaft für Internationale Zusammenarbeit*- German Society for International Cooperation (GIZ) programs in Tunisia.

FES1: A member of the *Friedrich Ebert Stiftung*- Friedrich Ebert Foundation in Tunisia.

RLS2: Former member of the *Rosa Luxembourg Stiftung Nordafrika*- Rosa Luxembourg Foundation North Africa in Tunisia.

Table A1: Full Definitions of the Used Variables

Variable	Definition	Source
State ownership of economy	"Does the state own or directly control important sectors of the economy?"	V-Dem
Freedom of association	"To what extent are parties, including opposition parties, allowed to form and to participate in elections, and to what extent are civil society organizations able to form and to operate freely?"	V-Dem
Large encompassing organizations dominate	"Characterize the relative influence of large mass constituency civil society organizations (CSOs) versus smaller, more local, or narrowly construed CSOs. The government and CSOs are linked formally through a corporatist system of interest intermediation; or, due to historical circumstances, particular large CSOs are highly influential. The voice of such organizations is recognized by the government and is accorded special weight by policymakers."	V-Dem
Small CSOs dominate	"Please characterize the relative influence of large mass constituency civil society organizations (CSOs) versus smaller, more local, or narrowly construed CSOs. Small CSOs dominate. Many small organizations contend with one another to have their voices heard by policymakers."	V-Dem
Trade union density rate (%)	"Conveys the number of union members who are employees as a percentage of the total number of employees."	ILO
Trade union freedoms	"Freedom to exercise the right to strike in the private sector; Freedom to exercise the right to strike in the public sector and the administrations; Freedom of collective bargaining in companies; Freedom of trade union operation in companies"	IPD
Engagement in independent trade unions	"What share of the population is regularly active in independent trade unions?"	V-Dem
Independence and pluralism of trade unions	"Pluralism, in practice, of trade unions"	IPD
Disclosure of campaign donations	"Are there disclosure requirements for donations to national election campaigns?"	V-Dem
Legislature corrupt activities	"Do members of the legislature abuse their position for financial gain?"	V-Dem
Civil society participation	"Are major CSOs routinely consulted by policymaker; how large is the involvement of people in CSOs; are women prevented from participating; and is legislative candidate nomination within party organization highly decentralized or made through party primaries?"	V-Dem
CSO consultation	"Are major civil society organizations (CSOs) routinely consulted by policymakers on policies relevant to their members?"	V-Dem

Public-private cooperation	"Degree of cooperation between the public and private sectors; Degree of involvement by the State's highest authorities in the cooperation between public and private stakeholders; Does this cooperation allow account to be taken of the interests of key economic and social stakeholders in the country?; Are there public or private "think tanks" producing analyses, forecasts and proposals on the major national issues?"	IPD
Considering public interest in state-business relations	"Consideration of the public interest in relationships between the State and business": "Is support (subsidies, trade protection, financial facilities etc.) granted to local and foreign companies conditional on the achievement of objectives serving the general interest?; Does the State include conditions relating to the general interest in the context of public procurement (job creation, training, technology transfers etc.)?"	IPD
Considering public interest by workers' organizations	"Consideration of the public interest by workers' organizations"	IPD
Collective bargaining coverage rate (%)	"The collective bargaining coverage rate conveys the number of employees whose pay and/or conditions of employment are determined by one or more collective agreement(s) as a percentage of the total number of employees."	ILO
Scale of strike movements	"Scale of strike movements over the past 3 years: within the public sector, within the private sector"	IPD
Favoritism	"To what extent do government officials show favoritism to well-connected firms and individuals when deciding upon policies and contracts?"	GCI
Market Dominance	"How do you characterize corporate activity? [1 = dominated by a few business groups; 7 = spread among many firms]"	GCI
Anti-Monopoly Effectiveness	"To what extent does anti-monopoly policy promote competition? [1 = does not promote competition; 7 = effectively promotes competition]"	GCI
Competition Intensity	"How intense is competition in the local markets?"	GCI
Significance of microfinance	"Significance of informal microfinance (tontines ...etc.); Significance of institutional microfinance (supported by NGOs, banks ...etc.); Repayment rates in microfinance sector (informal or institutional)"	IPD
Getting credit	"The total score for getting credit is the sum of the strength of legal rights index and the depth of credit information index, based on the methodology in the DB05-14 studies."	DB
Starting a business	"The score for starting a business is the simple average of the scores for each of the component indicators: the procedures, time and cost for an entrepreneur to start and formally	DB

	operate a business, as well as the paid-in minimum capital requirement."	
Venture Capital	"How easy is it for entrepreneurs with innovative but risky projects to find venture capital?"	GCI
Income lowest 10%	"Labor income distribution (%) Decile 1"	ILO
Income lowest 20%	Obtained by adding Decile 1 and Decile 2	ILO
Labor tax	Labor tax and contributions (% of commercial profits), "the amount of taxes and mandatory contributions on labor paid by the business."	WDI
Employment contract protection	"Share of permanent contracts across all types of employment contract; Employment contract protection with respect to individual dismissal; Employment contract protection with respect to redundancies (i.e., collective dismissal)"	IPD
Adequacy of social protection labor programs	"Adequacy of social protection and labor programs (% of total welfare of beneficiary households)"	WDI
Recognition of occupational health and safety	"Recognition of occupational health? Recognition of occupational safety?"	IPD
Disability social protection benefits	"Persons with severe disabilities collecting disability social protection benefits"	ILO