

February 22, 2011

LETTER IN REGARDS TO THE HIGH LEVEL INTERNATIONAL MEETING ON THE SITUATION IN MENA COUNTRIES

Democratic Transition Necessitates Economic and Social Reforms as Much as Political Changes

The EU is Requested to Reconsider its Mainstream Economic Recipes as a Means of Democratic Transition in Revolting MENA countries

Catherine Ashton

High Representative of the European Union for Foreign Affairs and Security Policy

Bxl 12/202

Rue de la Loi 200

1049 Brussels

Dear Mrs. Ashton,

The initiative to hold an international meeting to respond to the revolutionary changes in the MENA region is welcomed as a reflection of the acknowledgement by the political system in Europe of the need to revisit the political, economic, and social context and cooperation in the region. However, the statements associated with this conference around the priorities of the EU in regards to Tunisia and the MENA at large reveals a lack of understanding of the real factors behind the people's revolutions witnessed in the region, and the needs of the democratic transition during the upcoming period.

In your call for the meeting, you highlighted five priorities of the EU foreign cooperation that might be addressed in Tunisia: electoral reform, support for civil society, construction of an independent judiciary and a free press and media, and the fight against corruption. Statements by EU official in regards to the conference preparations referred to the need to see Tunisia continue the ongoing trade liberalization talks, have a financing arrangement with the IMF and beginning to address balance of payment financing gap¹.

¹ Source: Leigh Phillips; "Ashton to host global conference on North Africa"; <http://euobserver.com/9/31835>

"Deep democracy building", as noted by EU officials, necessitates healthy and inclusive national processes towards building a social and economic model that prioritizes economic justice and the people's rights to any other conditionality that comes from outside. While your references to electoral reform, support for civil society, construction of an independent judiciary and a free press and media, and the fight against corruption as priorities are welcome, you avoid addressing the economic and social challenges within the transition period, part of which relate directly to the kind of partnership that the EU has developed with authoritarian regimes, like the one toppled in Tunisia. Indeed, this reflects an insistence on promoting the ongoing models of trade liberalization and financing arrangements from the IMF, which have been long criticized for being short-run oriented, too focused on demand management, and not paying adequate attention to social spending and income distribution. Indeed, these arrangements have failed to deliver for the majority of peoples around the region, and other regions of the world, while the peoples' rights to social justice have been denied.

By only focusing on mainstream financing arrangements and balance of payment issues, the EU is missing the point again. Indeed, by focusing on growth strategies, the EU avoids the reality that the whole economic and social model in countries undertaking transition needs to be revised, in order to address the priorities of the people and not international institutions and foreign investors. The development process in Tunisia and other countries in transition necessitate a shift in the whole development processes and its relation to production and redistribution functions, and not mere alterations in input and outputs within a growth strategy that is largely detached from the developmental needs of the people. This needs to start from a national dialogue and convergence process around economic and social priorities, which the EU should avoid distorting through enforcing policy conditionalities.

Along with the necessary political reforms, the upcoming period necessitates considering the short-term responses that are needed to address peoples' economic and social grievances, within the framework of medium and longer-term strategies for economic and social reforms and development.

Despite the positive figures about the social and economic progress shown by the toppled Tunisian regime, it has been proved that people were living under harsh social and economic injustices. It is clear that the efforts and policies of the former regime did not lead to equitable growth and broad-based social progress. As a direct result the revolution in Tunisia, as in other MENA countries, started with economic and social demands, rapidly escalating into political mass mobilizations.

The structural adjustment policies adopted by the former regime followed IMF advice. In fact, the review of IMF documents suggests that consecutive governments under Ben Ali's regimes had faithfully abided by IMF and World Bank conditionalities, including the firing of public sector

workers, the elimination of price controls over essential consumer goods and the implementation of a sweeping privatization program². This, combined with the absence of a proper national democratic decision making process over economic and social policies, led to the deterioration in social and economic conditions of the Tunisian people.

It is thus a priority that national consultations in Tunisia agree on a national development strategy, prior to continuing the ongoing trade liberalization talks, and revise macroeconomic policies adopted under the previous regime, including on investment, taxation, and other financial policies and arrangements.

Such national dialogue on economic and social priorities as well as short-term steps to address people's grievances on this front are cornerstones in building a stable, democratic, and participatory governing system in Tunisia, and building the trust between the citizens and the new leadership of the country.

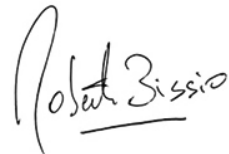
Supporting the Tunisian people and showing enough vision and strength in addressing these challenges, as members of the European Parliament³ called for, necessitates that the EU contribute to empowering and supporting the national re-construction process on the political as well as on economic and social fronts. It necessitates that the EU avoids suffocating the new governance processes underway with conditionalities that have for too long proved to be inadequate to achieving people's rights. It also necessitates genuine steps from the EU to acknowledge that the economic and social policies that have been pursued in the name of the EU partnership with the Southern Mediterranean countries may have helped in achieving economic growth, but have contributed to increased poverty, social exclusion, and inequalities. All these models need be critically reviewed.



Ziad Abdul Samad
Director
ANND



Simon Stocker
Director
Eurostep



Roberto Bissio
Coordinator
Social Watch

² Source: Michel Chossudovsky, Tunisia and the IMF's Diktats: How Macro-Economic Policy Triggers Worldwide Poverty and Unemployment; available at: www.globalresearch.ca/index.php?context=va&aid=22867

³ Source: statement by European Members of Parliament Adrian Severin and Guy Verhofstadt.