

Tunisians' view of economic crisis: The struggle continues

Afrobarometer Dispatch No. 637 | Mohamed Najib Ben Saad

Summary

Since its 2011 revolution, Tunisia has been grappling with a struggling economy. According to the World Bank (2022a, b), the economy stagnated between 2011 and 2019, with average gross domestic product (GDP) growth of only 1.7%. The COVID-19 pandemic and the Russia-Ukraine war have compounded the country's economic woes. Despite some recovery in GDP since a sharp -8.8% contraction in 2020, the country has not fully bounced back, with GDP growing by 4.3% in 2021 and 2.4% in 2022. The country has also experienced surging double-digit inflation, reaching 10.2% in 2023, with food prices increasing by 14.6%. Unemployment rates remain high in 2023 (15.2%), particularly among youth (38.8%) and the highly educated (24%) (Institut National de la Statistique, 2023a, b, c).

Poverty rates have also increased, with one-sixth of the country now classified as impoverished, and recurring food shortages have become a widespread issue (Institut National de la Statistique, 2021; Le Monde, 2022). The financial struggles of state-owned companies are becoming increasingly apparent, with several facing bankruptcy (Reuters, 2023). Meanwhile, when it comes to the private sector, Tunisia ranks 47th out of 51 economies in terms of entrepreneurship success, according to the Global Entrepreneurship Monitor (2023).

To tackle these challenges, the Tunisian government has implemented stricter austerity measures with the aim of qualifying for support from the International Monetary Fund (2022) and reviving its economy (Reuters, 2022). Government spending on subsidies is projected to drop this year by 26.4%, while tax revenues will rise by 12.5%. However, a delay in IMF loan approval and a recent downgrade of Tunisian sovereign debt by the rating agency Moody's (2023) pose a risk of default on financial obligations and leave the country one step away from bankruptcy. Standard & Poor's (2023) has identified three potential scenarios for Tunisia's economy in the near future, the most severe predicting financial default with a significant depreciation of the Tunisian dinar and a sharp rise in inflation.

How do ordinary Tunisians see these economic challenges?

Findings of the latest Afrobarometer survey in Tunisia reveal that an overwhelming majority say the country is heading in the wrong direction, with management of the economy seen as the most pressing issue. Negative assessments of the economy have increased sharply, and fewer than half think things will get better in the near future.

Levels of lived poverty have increased significantly as large proportions of the population experienced shortages of cash income, clean water, and medical care, and dissatisfaction with the government's economic performance is high. An overwhelming majority support maintaining government subsidies of essential goods.

Afrobarometer survey

Afrobarometer is a pan-African, nonpartisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Eight rounds of surveys have been conducted in up to 39 countries since 1999, and Round 9 surveys are being completed in early 2023. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice.

The Afrobarometer team in Tunisia, led by One to One for Research and Polling, interviewed 1,200 adult citizens between 21 February and 17 March 2022. A sample of this size yields country-level results with a margin of error of +/-3 percentage points at a 95% confidence level. Previous surveys were conducted in Tunisia in 2013, 2015, 2018, 2020, and 2022.

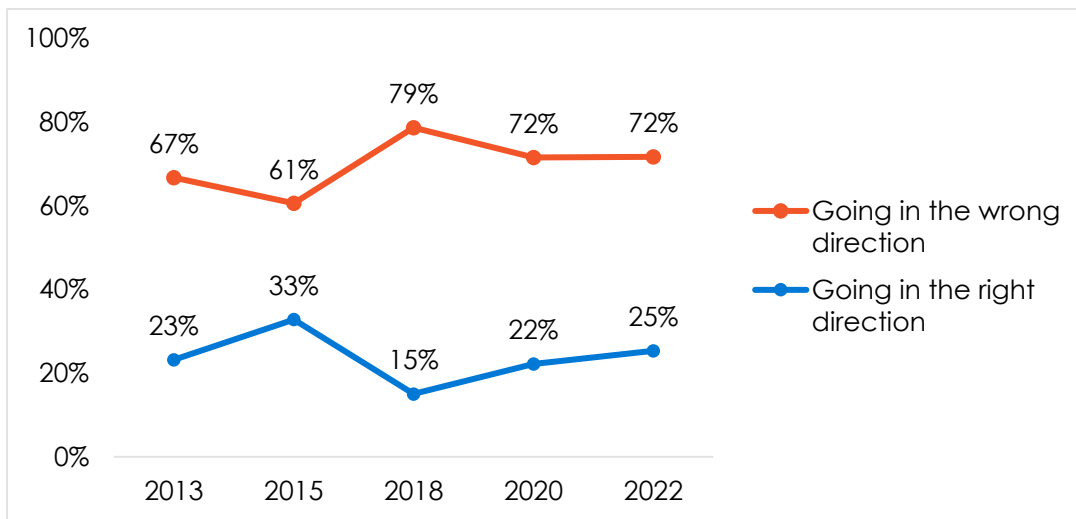
Key findings

- Almost three-fourths (72%) of Tunisians say the country is heading in “the wrong direction.”
- Tunisians view management of the economy (94%) as the most pressing issue for the government to address, followed by unemployment (45%), poverty (21%), and health (21%).
- More than eight in 10 citizens (84%) describe the country's economy as “fairly bad” or “very bad,” up 11 percentage points since 2020.
 - Fewer than half (44%) expect things to improve in the next 12 months.
- Tunisians' perceptions of their personal living conditions are increasingly negative (47%), particularly among the poorest (81%), the less educated (62%), and resident in the North West (59%) regions.
- More than four in 10 Tunisians (44%) say they went without a cash income at least “several times” during the previous year, with more than one-third report repeated shortages of clean water (37%) and medical care (38%).
- Four in 10 households (40%) experienced moderate or high levels of lived poverty during the previous year, up 18 percentage points compared to 2015.
- Most Tunisians say the government is doing “fairly badly” or “very badly” on economic issues such as stabilising prices (91%), creating jobs (90%), narrowing gaps between rich and poor (88%), and improving the living standards of the poor (86%).
- Tunisians overwhelmingly support maintaining government subsidies on essential goods such as bread and oil (86%) as opposed to removing them to cover the budget deficit (10%). Meanwhile, half (49%) favour borrowing to finance government services, while 30% prefer introducing more taxes.

Overall direction of the country

More than seven in 10 Tunisians (72%) say their country is going in “the wrong direction,” continuing a decade-long trend of majority disapproval (Figure 1). While dissatisfaction with the country's overall direction has declined modestly since 2018 (79%), it remains higher than in 2013 (67%) and 2015 (61%).

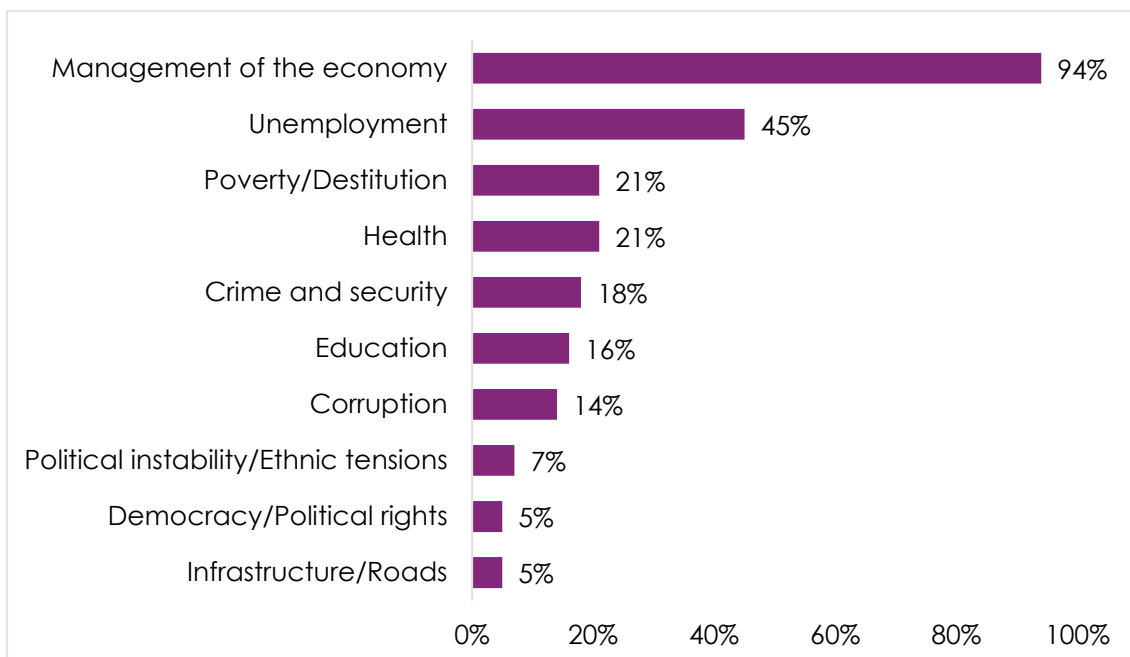
Figure 1: Overall direction of the country | Tunisia | 2013-2022



Respondents were asked: Would you say that the country is going in the wrong direction or going in the right direction?

To investigate why Tunisians view the country as heading in the wrong direction, we examine the most critical issues facing the nation. When respondents are asked to identify up to three problems that they think are most important for the government to address, the most frequently cited issues are related to the economy: Almost all respondents (94%) prioritise management of the economy, followed by unemployment (45%) and poverty (21%). Health (21%) ties with poverty, outranking crime and security (18%), education (15%), and corruption (14%) (Figure 2)

Figure 2: Most important problems | Tunisia | 2022

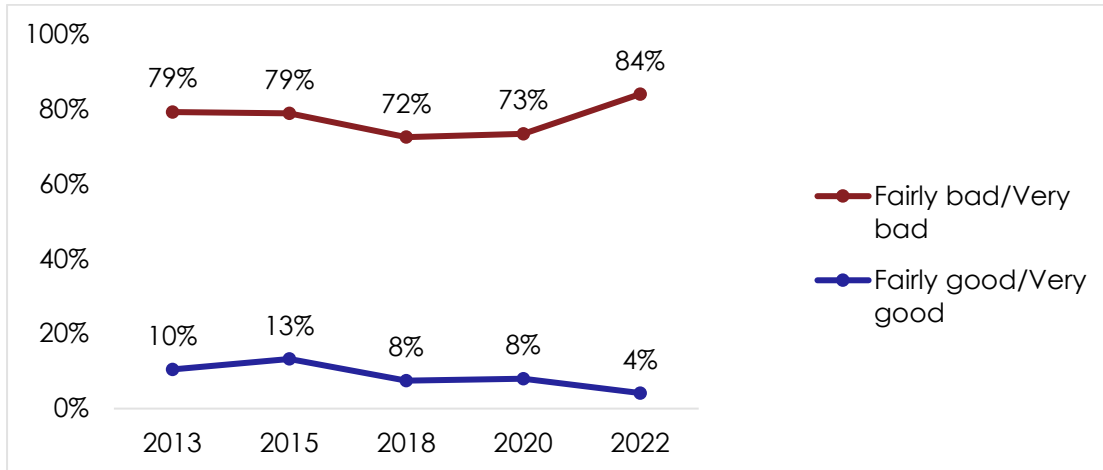


Respondents were asked: In your opinion, what are the most important problems facing this country that government should address? (Note: Respondents were allowed up to three responses. Figure shows % who cite each issue among their top three concerns.)

Struggling country's economic situation

More than eight in 10 citizens (84%) describe the country's economic condition as "fairly bad" or "very bad," an 11-percentage-point increase compared to 2020 (73%) (Figure 3). Only 4% say the country is in good economic shape, the lowest level of approval in Afrobarometer surveys going back to 2013.

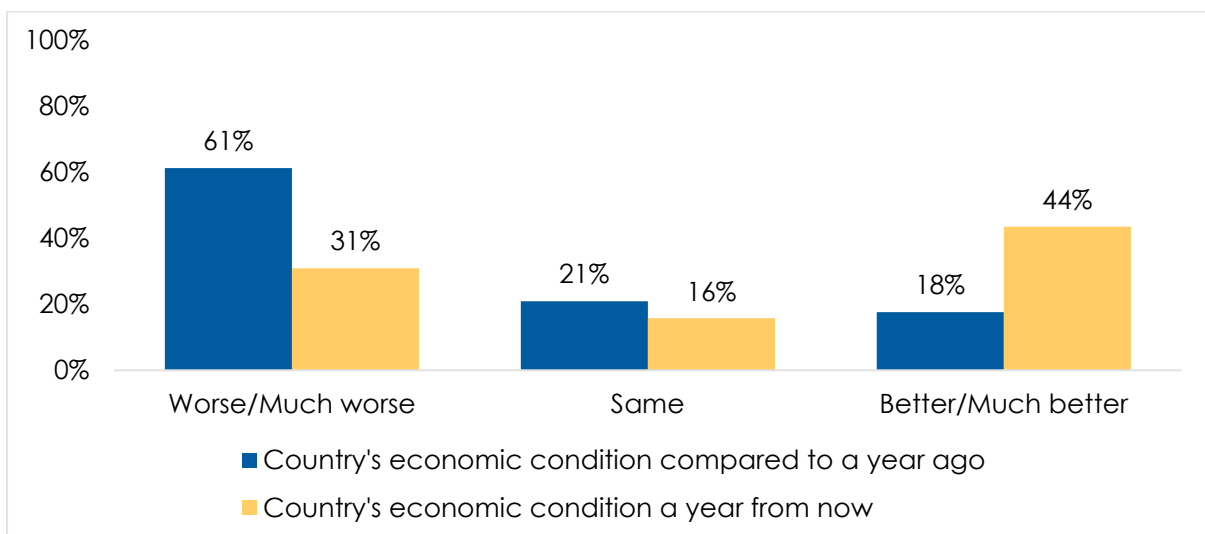
Figure 3: Country's economic condition | Tunisia | 2013-2022



Respondents were asked: In general, how would you describe: The present economic condition of this country?

A majority (61%) of Tunisians say the economy now is in worse shape than it was a year earlier, while only 18% say it has improved (Figure 4). However, citizens' outlook for the future is slightly more positive: More than four in 10 (44%) expect economic conditions to improve in the next 12 months, while 31% think the situation will worsen.

Figure 4: Economic condition of the country: Looking back and ahead | Tunisia | 2022



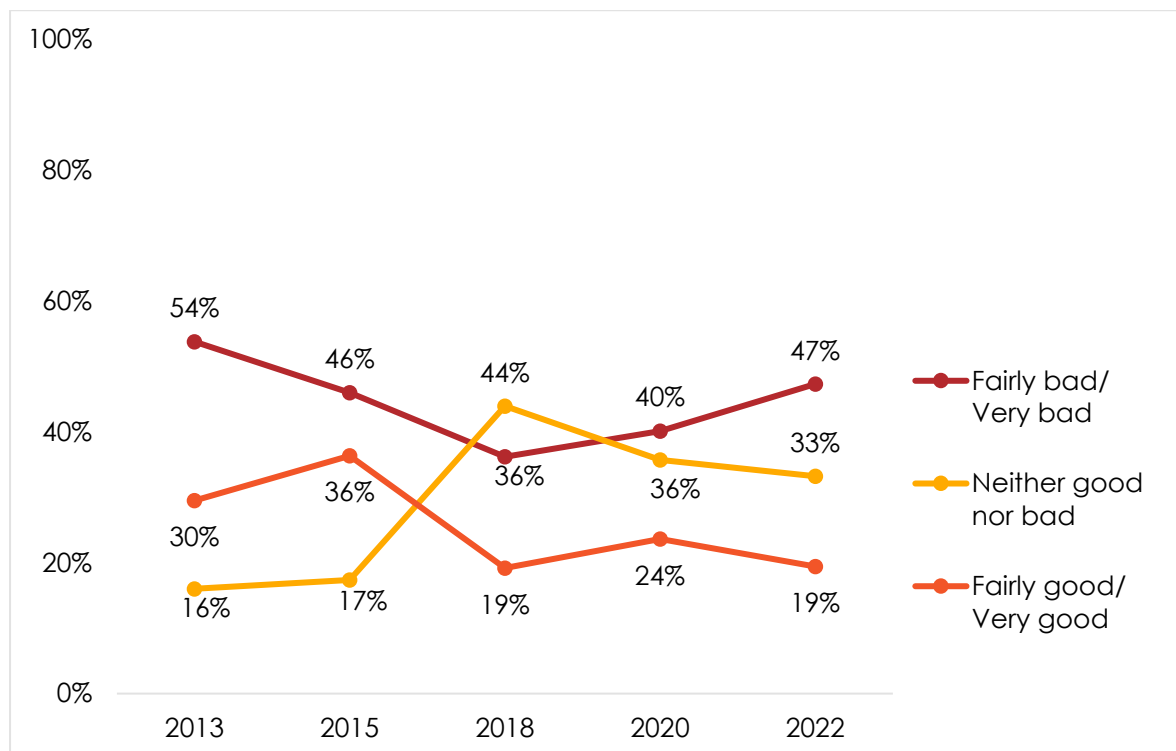
Respondents were asked: Looking back, how do you rate economic conditions in this country compared to a year ago? Looking ahead, do you expect economic conditions in this country to be better or worse in 12 months' time?

Worsened personal living conditions

Tunisians' assessments of their personal living conditions in 2022 show that almost half (47%) consider their living conditions "fairly bad" or "very bad," while fewer than fifth (19%) think of their living conditions as "fairly" or "very" good. One-third (33%) say their living conditions are "neither good nor bad" (Figure 5).

The share of Tunisians rating their personal living conditions as fairly or very bad decreased from 54% in 2013 to 36% in 2018 but has been on a steady increase since then.

Figure 5: Personal living conditions | Tunisia | 2013-2022



Respondents were asked: *In general, how would you describe your own present living conditions?*

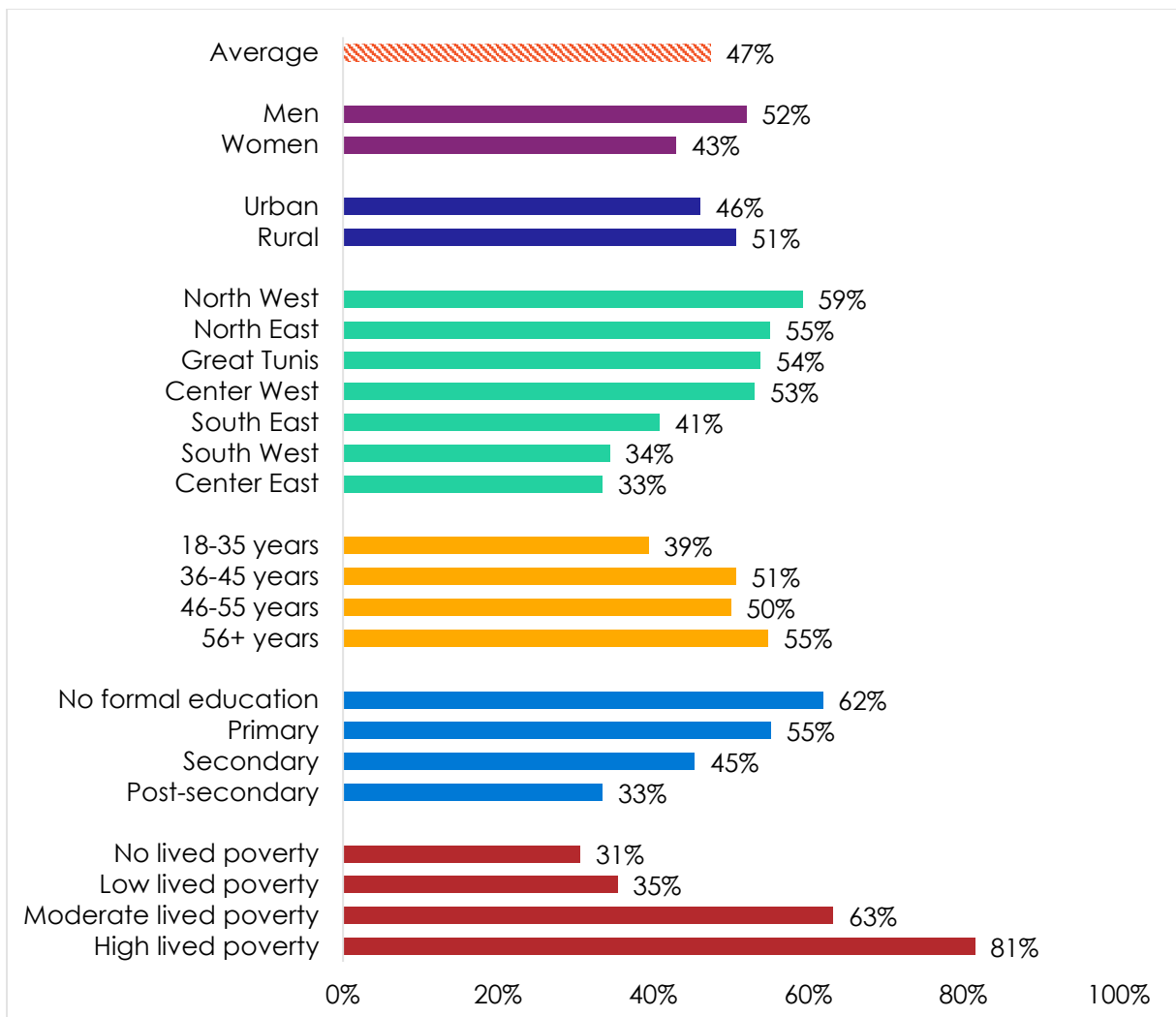
More men than women describe their living conditions in negative terms (52% vs. 43%) (Figure 6). Assessments are also somewhat more negative in rural areas than in cities (51% vs. 46%).

More than half of respondents in the North West (59%), North East (55%), Great Tunis (54%), and Center West (53%) regions rate their living conditions poorly, while those residing in the South East (41%), South West (34%), and Center East (33%) are less likely to hold negative views of their living conditions.

As might be expected, poorer and less educated individuals more likely to perceive their living conditions negatively. The poorest respondents (81%) are more than twice as likely to rate their living conditions unfavourably as their better-off counterparts (31%-35%). And citizens with no formal schooling are about twice as likely to offer critical assessments as those with post-secondary education (62% vs. 33%).

Perceived living conditions become increasingly negative with respondents' age, ranging from 39% of 18- to 35-year-olds to 55% of those over age 55.

Figure 6: Personal living conditions are bad | by demographic group | Tunisia
 | 2022



Respondents were asked: In general, how would you describe your own present living conditions? (% who say "fairly bad" or "very bad")

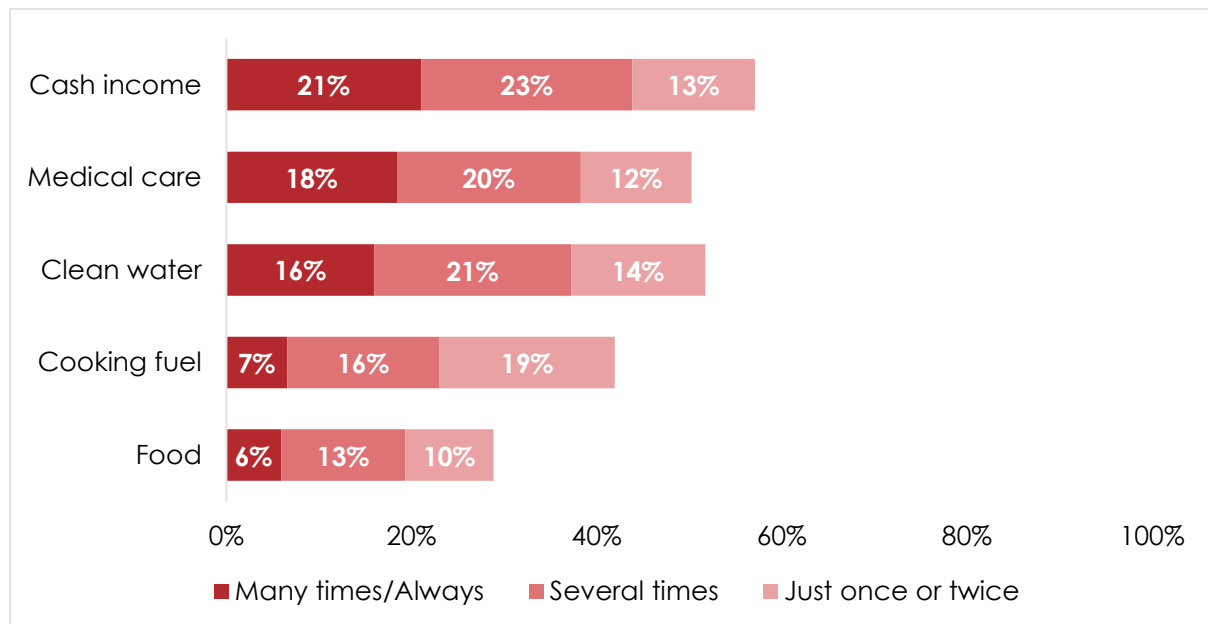
Increasing poverty

The Tunisian population's concerns about their economy and living conditions may reflect their experience of "lived poverty," an Afrobarometer measure that evaluates households' deprivation of five basic necessities, namely sufficient food and clean water, medical care, sufficient cooking fuel, and a cash income (Mattes & Patel, 2022).

A majority (57%) of Tunisians report that they or someone in their family went without a cash income at least once during the previous year, including 44% who experienced this situation "several times," "many times," or "always" (Figure 7).

About half say they went without enough clean water (52%) and without medical care (50%) during the previous year, with more than one-third experiencing repeated shortages of these necessities (37% and 38%, respectively). About one-fifth report going without enough cooking fuel (23%) and enough food (19%) at least "several times."

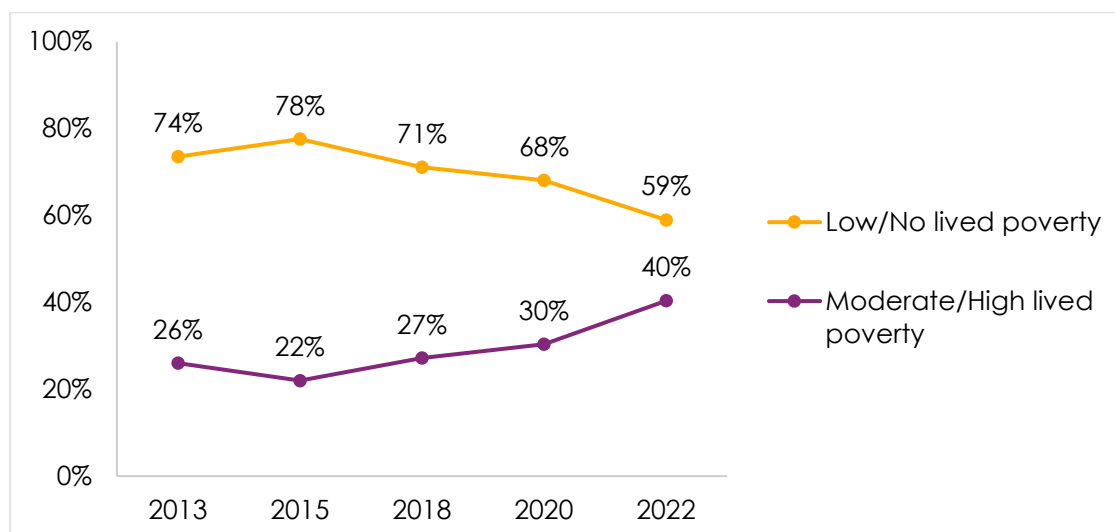
Figure 7: Going without basic necessities | Tunisia | 2022



Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicines or medical treatment? Enough fuel to cook your food? A cash income?

Averaging responses to our five questions about deprivation of basic necessities, we can calculate respondents' Lived Poverty Index scores, ranging from 0 (indicating no lived poverty) to 4 (high levels of lived poverty). Using this definition, 40% of Tunisians experienced moderate or high levels of lived poverty during the previous year. The findings show a consistent increase in moderate/high lived poverty since 2015, when about half as many (22%) fell into this category. Meanwhile, the share of Tunisians who experienced low or no lived poverty has decreased from 78% in 2015 to 59% in 2022 (Figure 8).

Figure 8: Lived poverty | Tunisia | 2013-2022

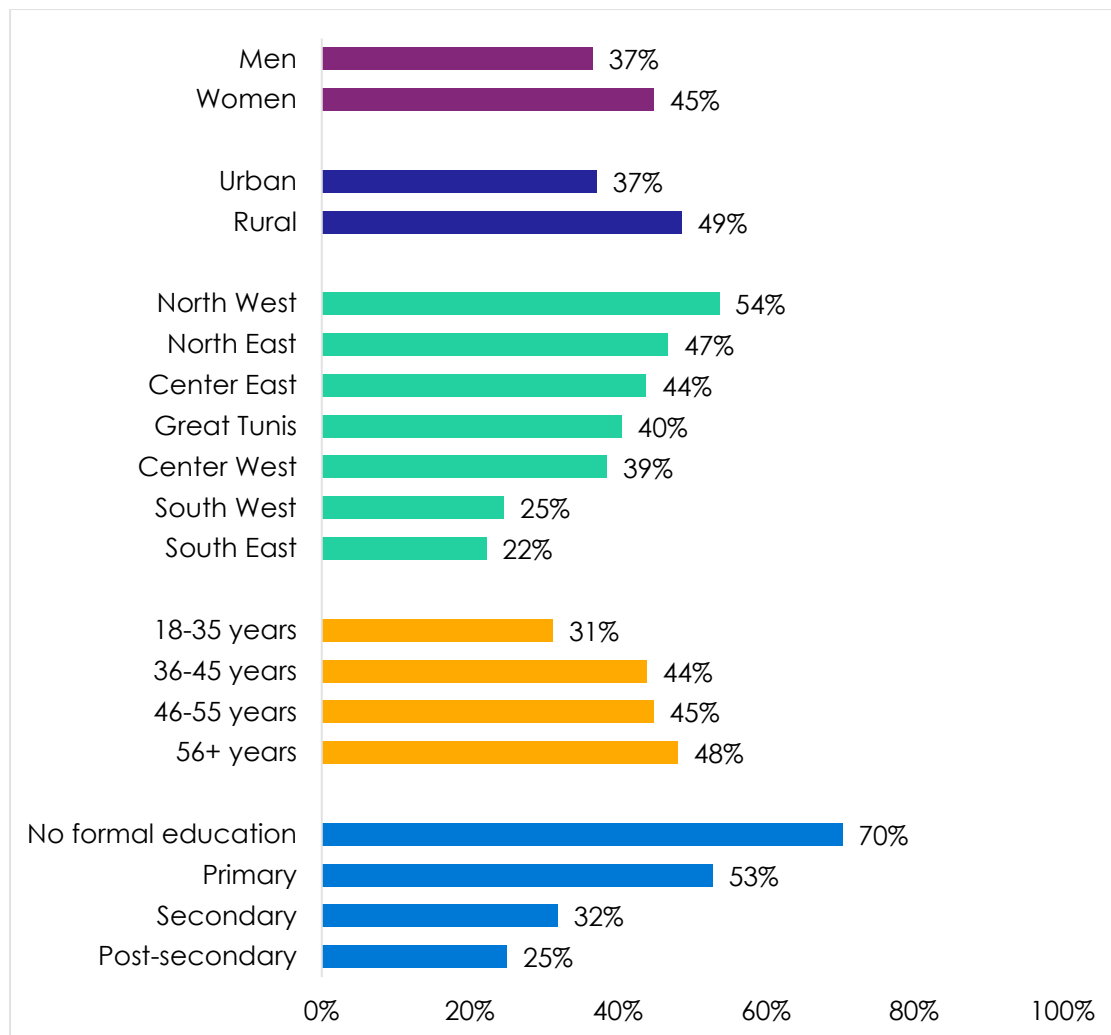


Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicines or medical treatment? Enough fuel to cook your food? A cash income?

Moderate/high lived poverty is more common among women (45%) and rural residents (49%) than among men (37%) and city dwellers (37%) (Figure 9). The North West (54%), North East (47%), Center East (44%), Great Tunis (40%), and Center West (39%) regions have a higher prevalence of moderate/high poverty than the South West (25%) and South East (22%) regions.

Lived poverty decreases sharply as respondents' levels of education rise, ranging from 70% among those with no formal schooling to 25% among those with post-secondary qualifications, and is less common among young adults (31%) than among their elders (44%-48%).

Figure 9: Moderate/High lived poverty | by demographic group | Tunisia | 2022



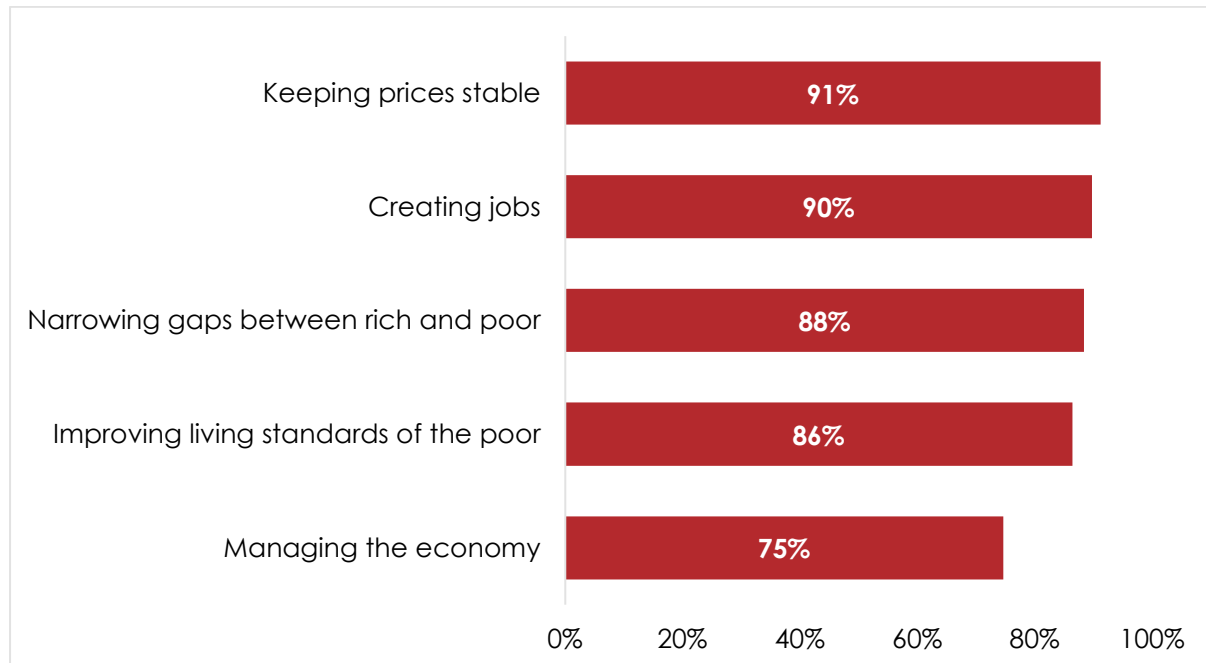
Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicines or medical treatment? Enough fuel to cook your food? A cash income? (Figure shows % of respondents who experienced moderate or high levels of lived poverty during the previous year.)

Poor government performance on economic issues

As inflation rises and basic commodities become more scarce, most Tunisians say the government is not adequately addressing key economic issues. More than eight in 10 respondents see the government as performing "fairly badly" or "very badly" on critical economic issues such as stabilising prices (91%), creating jobs (90%), narrowing gaps

between rich and poor (88%), and improving the living standards of the poor (86%). Overall, three-fourths (75%) of Tunisians give the government a failing grade for its management of the economy (Figure 10).

Figure 10: Government performing poorly on key economic issues | Tunisia | 2022



Respondents were asked: How well or badly would you say the current government is handling the following matters, or haven't you heard enough to say? (% who say "fairly badly" or "very badly")

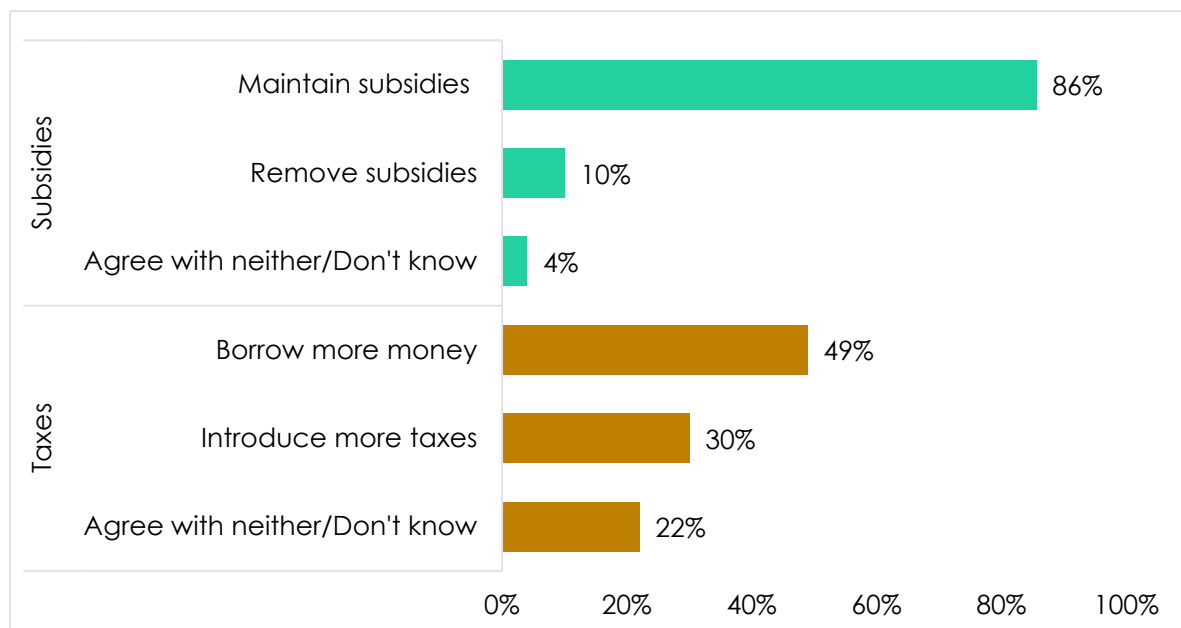
The Tunisian government has passed a finance law to tackle its budget deficit and initiate economic reforms. The law entails implementing harsh austerity measures, including reductions in government subsidies for basic goods such as bread and oil, and seeking IMF support to acquire a loan to bridge the budget deficit.

However, findings from the Afrobarometer survey show that a vast majority (86%) of Tunisians prefer retaining subsidies on essential goods, while only 10% agree with removing them (Figure 11).

About half (49%) of citizens are in favour of more borrowing to finance government services, while 30% prefer introducing more taxes. About one in five say they agree with neither approach (18%) or "don't know" (4%).

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Figure 11: Strategies to finance government services | Tunisia | 2022



Respondents were asked:

Which of the following statements is closest to your view? Statement 1: In order to address the challenge of inadequate resources to fund government services, the state should remove subsidies on basic goods such as bread and oil. Statement 2: The state must maintain subsidies on basic goods to avoid price hikes even if this increases the government deficit.

Which of the following statements is closest to your view? Statement 1: The government should resort to more borrowing in order to raise funds to finance government services. Statement 2: In order to raise more resources to finance government services, the government should introduce more taxes.

(% who "agree" or "strongly agree" with each statement)

Conclusion

Tunisia's economy is in a critical state, and fewer than half of its citizens anticipate any improvement in the next year. The country's economic challenges are reflected in declining personal living conditions and a significant increase in poverty, particularly among the most vulnerable segments of society. Dissatisfaction with the government's handling of income inequality, price stability, and the economy in general is prevalent. While it may be unpopular and painful to reduce subsidies and increase taxes, these disturbing findings highlight the urgent need for prompt government action to address the economic situation.

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