

*Gisela Baumgratz*

## Summary

In 2015 the Rosa Luxemburg Foundation launched a new program fostering scientific cooperation between Germany and the North African Countries, sponsored by the German Ministry of Foreign Affairs. To begin with, this program is focused upon Tunisia's process of democratic transformation after the 2011 revolution and more specifically on the freedom and independence of research and teaching and the development of critical thinking. October 13, 2015 was scheduled as the beginning of the negotiations between the EU and Tunisia on a Deep and Comprehensive Free Trade Agreement (DCFTA) the purpose of which was to remove all obstacles hindering European investors from free access to the Tunisian markets. In addition, the impact of the neoliberal agenda of the European Union was seen as the major challenge for the post revolutionary society in Tunisia by the program team directed by Khaled Chaabane, and for that reason, high level specialists of neoliberal economy from Europe and the North African countries, were invited to participate in an international conference with the aim of publishing the state of the art of expertise on the impact of the neoliberal free trade policy of the European Union on the North African countries and their development in the context of globalization. Far from being merely "technical" agreements, as members of the European commission tend to advance, free trade agreements are part of a world vision: The free trade ideology corresponds to a new concept of domination of the global South by the global North which a number of critical researchers associate with the concept of neo-colonialism.

In September 2015 the German Chancellor Angela Merkel by proclaiming a "welcoming-culture" has given Europe a human face, at least for a short time. Due to the fact that most European countries refused to accept refugees, the European Commission decided to strengthen the controls at the external frontiers of the EU. The first victims were the young Tunisians, Algerians and Moroccans who passed by the so-called route of the Balkans in order to reach Europe. Despite the recent riots of the Tunisian youth facing a dramatic deterioration of its living conditions since the revolution, the German government decided to consider Morocco, Algeria and even Tunisia as "secure states" where the young people, searching for a better life, but refused by Europe can easily return without any risk. As the German government put pressure on the North-African countries by threatening to block economic

aid, the three countries agreed to the readmission of these young “economic refugees” who had no chance to obtain asylum in the EU. Human Rights Organizations point to the fact that neither security nor legal procedures exist in these countries.

## The relation between free trade agreements and migration

In order to prevent migration and flight, the German government asks for combating the causes, which are mainly attributed to civil war, natural disasters, drought, epidemic diseases etc., for which the EU denies any responsibility, as one of the authors emphasizes in his article. As the free trade agreement which is being negotiated between Tunisia and the EU is not the first of its kind, but rather the culmination of the structural adjustment policies which the World Bank and the IMF had launched in the 1980s, Tunisia had been deeply marked in the last 30 years by the neoliberal policy of the two international financial institutions. Dismantling of the state, deregulation, privatization followed by the adhesion to WTO and the first association agreement between the EU and Tunisia, coming to terms in 2008 were the central steps. Analysts of the “Arab spring” in the South but also in the North reached the same conclusion: The riots in Tunisia in 2010/11 and their predecessors in Gafsa in 2008 are a direct result of these policies. In the industrial sector the creation of off shore areas attracted foreign direct investment by dramatically cutting wages and the social rights of workers. The promise made by the protagonists of neoliberal policies that cutting wages will lead to an immediate increase of employment, did not come true in reality. Even classical economy does not follow this neoliberal logic. On the contrary, experts of the question claimed that low wages provoke a reduction of the consumers’ demand, lowering public fiscal revenue, which entails budgetary deficits and increased indebtedness. The reduction of jobs in the public sector provokes further unemployment, which strikes mostly unemployed university graduates who were traditionally employed by the State.

## Promises and pitfalls of the European neighborhood policy

The specialists of the European Neighborhood Policy and the free trade agreements between the European Union and Morocco, Algeria and Tunisia represented in our publication unanimously hold the opinion that these agreements exclusively respond to the EU’s interests which are laid down in the so called “neighborhood” policy: as there are free market access, direct investment for European companies, free access of European merchandises to the internal markets of the North African countries. On

the other hand access for agricultural products to the European market is limited by tariffs on importation, limitations to certain periods (calendar) and low prices for European products due to subventions. In the course of structural adjustment the North-African countries agreed a long time ago to the industrialization of their agriculture by the European agro-business and the introduction of a specialization of agricultural production for exportation in line with the prices of the global market. In doing so they abandoned their nutritional autonomy and depend increasingly on the prices of foodstuff on the world market. What the protagonists of the neoliberal ideology had preached concerning Tunisian industry's insertion into the global production and value chains, did not entail the promised advantages in terms of exportation, due to the fact that the North-African countries are on the low side of the value chain. As a matter of fact these countries were obliged to ask for more and more credits from the IMF and to invest much of their budget to reimburse the debt. The advantages highlighted by the EU are linked to conditions concerning the security-issue, second pillar of the neighborhood policy: the facilitation of access to visa for highly qualified people depends on the condition that the respective countries sign an agreement concerning the readmission of all migrants, nationals or those who have passed the country on transit to Europe. Tunisia has signed this agreement in 2014 whereas Morocco continues to refuse. This is in fact, why the majority of the North-African experts in this book agree on qualifying the European policy, more inclined to a spirit of domination and blackmail than to partnership, as "neocolonial".

Facing the revolution within the countries of the "Arab spring" which had touched upon the space of freedom (of the foreign investors), the security (that is the externalization of the border management at the southern frontiers of Europe) and the prosperity (of the European economy), the European Union, overcoming a certain moment of irritation, decided to redefine its neighborhood policy by adapting it to the new reality: Tunisia and Morocco having been entitled to the "advanced status" of privileged partner countries even before the events of the Arab spring, should rapidly pass to a further stage of opening their markets for EU products and investors.

As for the Deep and Comprehensive Free Trade Agreement (DCFTA) under negotiation in Tunisia, one of the contributions refers to a recent study published in Tunis in 2015, concluding that this agreement, if signed, should rather be seen as a poisoned chalice. As the democratization process directly depends on the government's capability to resolve the social problems, the further dismantling of the state by new rules for foreign investors preventing it from protecting the local industry is in direct contradiction to a social and economic policy of the state in the interest of the population, creating employment, fair wages and decent working conditions.

## Growth equals development: a dangerous equation

In view of the critical evaluation of the European Union's economic policy, part of the Northern and Southern experts look for alternative ways to development different from what the international financial institutions identify by the growth of the gross domestic product (GDP). A term that was taboo for a long time in the international scientific discussion and the media came back to the surface: under-development. This term came up after the Second World War, but was replaced by the term "developing".

The concept of catch-up development dates from the process of independence, after the Second World War, of the countries that had been colonized by the Europeans. The developing countries were supposed to catch up the industrialization of the developed countries by arriving at the same standard of productivity and living. This idea is quite close to the equation  $\text{growth} = \text{development}$  with the difference that the developing countries did not succeed in setting up a national industrial production for their own market as it was foreseen in the concept of catch-up development. As the developing countries, deemed to be the sweat shops for the Northern transnational companies, only produce a minimal part of the added value of the final product and are mainly excluded from technological transfer, they have not been able to create an independent industrial sector and to produce goods at competitive prices within the internal market and even less for exportation.

Within the framework of theories of development mainly resulting from a critique of colonialism in Latin America in the 1960 and 1970s, the theory of dependency fostered a vision of autonomous development: a national economy with a strong public sector of nationalized companies, independent of the international financial market. This approach is still at debate in the Latin American countries possessing rich natural resources such as Ecuador and Bolivia, where the revenues from extraction are at least partly invested to improve the living conditions of the poor population. In cases such as Algeria where the revenues from the extraction of oil and gas, were transformed into life annuities for the ruling elites, instead of being invested into the diversification of the industrial sector, there is no development, and the living conditions of the majority of the population and especially the youth continue to deteriorate. The so called comparative advantage resulting, in theory, from a specialization, in developing countries, of industrial products or food for exportation to industrialized countries mostly fails to be realized because the promise that the revenues from exportations produce the necessary stock of currency for buying basic goods and food stuff does not come true in practice. Instead of setting up an autonomous economy the developing countries accumulated debts at the IMF.

In addition the famous foreign direct investments in most cases neither transfer capital nor contribute substantially to public revenue, due to the fact that the transnational companies have the means to realize monetary

transfers within the different parts of the enterprise, transferring their profits to fiscal paradises and declaring their losses in countries where they entertain production units in order to escape imposition. As the developing countries have the status of “low cost” countries, their work force is in competition with the workforce in similar countries: to be more competitive governments are obliged to reduce the salary costs of the foreign enterprises by fiscal relief. This of course, reduces the capacity of the State to ameliorate the living standard of the population.

## Free market and fortress Europe: the drama of the North-African youth

All the experts of the North-African situation represented in the book, agree that the further liberalization of the markets asked for in the agreements with the EU would further destabilize the economy and further deteriorate the social situation. From the beginning of that policy in the 1980s poverty in North Africa has been increasing considerably. The closing of the European frontiers inhibits emigration, which the Governments used to promote as a security valve for the containment of unemployment and poverty and as an important source of income due to the remittances. Important groups of the populations, having lost their means of subsistence as a result of the common agricultural policy (CAP) of the European Union and the subventions for the European industrial fishing fleets, suffer from lack of opportunities and growing misery. The despair of the North African youth reaches the big cities in Europe, because even those, born and living in Europe are confined to ghettoized suburbs like in Paris or Brussels, without any perspectives. As their brothers and sisters in North Africa they are easy loot for jihadists. The same lot is reserved for the so called “economic refugees” from North Africa who, after a dangerous trip to Greece find themselves blocked at the European frontier, risking to be transferred to their “secure country of origin” like escaped prisoners.

Baccar Gherib’s final statement in his contribution on the evolution of the concept of development ends on a pessimistic note:

The notion of development in its reformist and radical versions has lost its actuality. But this ideological backlash is far from being trivial. It confirms the temporary defeat of any critical thinking in an emancipatory perspective. Ideological defeats are more dangerous than political ones: before we act they influence our perception of the world, which changes in our minds before changing in our environment. The discussion about development shows that it is not sufficient to only focus upon the economic policy of Europe. In order to be up to the ‘imperial’ dimension we have to look at the geopolitical and geostrategic context of the Neighborhood Policy as a whole (Calame 1996 in: Baccar Gherib, *Penser le développement hier et aujourd’hui*. Translation: Gisela Baumgratz).

As one major purpose of the Rosa Luxemburg Foundation's program is to enhance cooperation between scientists and activists of civil society on both sides of the Mediterranean, this publication represents a major step towards this goal. We hope to contribute by this book to the critical handling and perception of the negotiations on the Deep and Comprehensive Free Trade Agreements (DCFTA) in Tunisia and Morocco. In addition the present publication, by assembling views from the South and the North, is likely to enhance new efforts to redefine the concept of development in terms of amelioration of the living conditions of the whole society, leaving the neoliberal equation: growth = development to the dustbins of history.