

May 18, 2011:

Economists call on G8 leaders to support Tunisia

The Tunisian people have demonstrated exceptional maturity in recent months. They have sparked the current democratic movements in the Arab World. This movement may fully reshape the future of the MENA region within the Mediterranean area and its relationship to the European Union. The current events will be seen by future generations with the same importance and magnitude as the fall of the Berlin Wall. It is, therefore, important for the member countries of the G8 to seize the moment and assure that Tunisia is and remains precedence for positive social, economic and democratic change in the region and beyond.

Today the Tunisian people are engaged in completing their revolution by building a democratic state. The recent inclusion of gender equality in the electoral law is a particularly strong signal and a step toward sustainable democratic social change.

Many countries in the region are focused on the situation in Tunisia. Failure of the Tunisian democratic transition is not an option and would be a victory for all dictatorships in the region. At the international level, this would lead to an export of extremism and a continued flow of refugees out of the region.

As nations, we have the collective responsibility to make the Tunisian democratic transition successful and to prove that when dealing with mature and educated countries, economic cooperation is a better barrier against extremism than political compromise and surrender.

The risk for Tunisia is that the rest of the world waits to act until Tunisia completes its political transition while the economy continues to deteriorate. The Revolution is invaluable but has a cost. The recent upheaval has already cost 2 billion dollars to the economy. Tunisia will bear in the next few months two dramatic burdens: a decline in

Corporate Communications: Mark Fallak

tourism of 80% according to current forecasts, and the cost of the war in Lybia. This will result in negative economic growth for 2011.

As economists, we know that investments pay off over the long term. The investment opportunities, the restructuring, the level of qualification of the workforce, the mastery of new technologies and the geographical proximity to Europe makes Tunisia a unique economic partner. The new Tunisia has the potential to be one of the most attractive and fastest growing economic centers of the Mediterranean.

The G20 declared in February 2011: “We stand ready to support Egypt and Tunisia, with responses at the appropriate time”. This was a good first step. We now call upon the political leaders gathered in Deauville at the G8 meeting to support the Tunisian transition, by supporting a road map that would be proposed and led by Tunisia itself; a road map that clearly identifies the involved actors and amounts raised.

More precisely, we call for:

- Immediate help for food and energy subsidies and funding for a retraining plan of unemployed graduates.
- A G8 support in the amount of 20 to 30 Billion Dollars over the next 5 to 10 years to target investment towards the interior of the country: transportation sector, technological infrastructure upgrade, industrial zones development. The aim would be to develop a competitive framework through a restructuring and strengthening of the financial system.
- A clear statement about how and in which timeframe the different financial institutions (IMF, WB, EBRD, EIB, ADB and IDB) can be available to act as a partner in the growth and redevelopment of the Tunisian economy.
- A specific financial institution for the area. This would be a strong political signal for the region as well as a guarantee of efficiency and transparency in the efforts of coordination.
- A clear statement from the European countries that they will support Tunisia by obtaining the status of associate partner with full access to the European structural funds.
- Mechanisms that will permit a better access to knowledge and more interactions between young people all around the Mediterranean Sea and beyond.

Tunisia is at the forefront of the Arab democratic transition. Its population is highly educated. Its small size makes Tunisia the perfect experiment for democracy and a unique opportunity to prove that democracy can flourish harmoniously in the region. The Plan we call for will insure that this grand experiment can succeed. Its total cost is around 2–3% of the amounts raised by the former FRG for the German reunification, or less than the cost of two months of war in Iraq.

The international community cannot afford not to act.

First signatories:

Philippe Aghion (Harvard University, USA)
Jacques Attali (Economist and writer, France)
Françoise Benhamou (Université de Paris 13, France)
Jean-Paul Betbèze (Crédit Agricole et Université de Paris 2 Panthéon–Assas, France)
Christian de Boissieu (Université Paris 1 Panthéon–Sorbonne, France)
Younès Boughzala (Université de Savoie, France)
François Bourguignon (Paris School of Economics, France)
André Cartapanis (IEP, Aix–en–Provence, France)
Jean-Marie Chevalier (Université Paris–Dauphine, France)
Daniel Cohen (Ecole normale supérieure de Paris, France)
Jean-Marc Dupuis (Université de Caen, France)
Jean-Paul Fitoussi (Sciences–Po, Paris, France)
Eiji Hattori (Reitaku University, Japan)
Bertrand Jacquillat (Sciences–Po, Paris, France)
Elyès Jouini (Université Paris–Dauphine, France)
Rainer Klump (Goethe–Universität Frankfurt, Germany)
Toshio Koike (Tokyo University, Japan)
Wolfgang König (Goethe–Universität Frankfurt, Germany)
Jean-Hervé Lorenzi (Université Paris–Dauphine, France)
Stefano Micossi (College of Europe, Belgium)
El Mouhoub Mouhoud (Université Paris–Dauphine, France)
Bernard Paraque (Euromed Management, France)
Olivier Pastré (IMBank and Université Paris 8, France)
Jean-Paul Pollin (Université d’Orléans, France)
Richard Portes (London Business School and CEPR, UK)
Jean-Louis Reiffers (Université du Sud, France)
Hélène Rey (London Business School, UK)

Corporate Communications: Mark Fallak

Nouriel Roubini (New York University, USA)

Dominique Roux (Université Paris–Dauphine, France)

Christian Saint–Etienne (Conservatoire National des Arts et Métiers, France)

Joseph Stiglitz (Columbia University, USA)

Motoyuki Suzuki (Tokyo University, Japan)

Alain Trannoy (Ecole des Hautes Etudes en Sciences Sociales, France)

Daniel Vitry (Université Paris 2 Panthéon–Assas, France)

Klaus F. Zimmermann (Bonn University and IZA, Germany)

Corporate Communications: Mark Fallak