

**Workshop in Valence, May 26, 2023**

*The Place and Dynamics of the Middle-Class in the MENA Region*

***What Remains of the Tunisian Middle Class after the Arab Spring and the COVID Crisis?***

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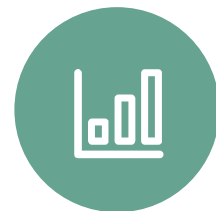
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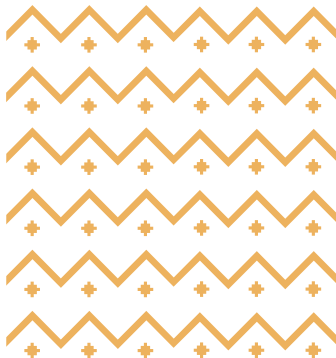
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**Conclusion and recommendations**



01.

**Introduction  
and research  
motivation**



# Motivation of the research (1/3)

- **New hot topic:** The major socioeconomic issue that many nations will be dealing with over these years is the shrinking of middle class (World Bank, 2023; Pew Research Center, 2023)
- The **2030 Sustainable Development Goals (SDG)s** are linked to the fostering of the middle class, emphasizing its role as a promoter of some SDGs.

GOAL 1: No Poverty

GOAL 2: Zero Hunger

GOAL 3: Good Health and Well-being

GOAL 4: Quality Education

GOAL 5: Gender Equality

GOAL 8: Decent Work and Economic Growth

GOAL 10: Reduced Inequality

GOAL 11: Sustainable Cities and Communities

GOAL 12: Responsible Consumption and Production

GOAL 16: Peace and Justice Strong Institutions

# Motivation of the research (2/3)

- **Middle class** plays an important role in ensuring socio-economic stability (Easterly, 2001; Banerjee and Duflo, 2008)

- **Very few current quantitative studies**, whether academic works or research by national or international organizations, have been conducted on the middle classes in Tunisia



# Motivation of the research (3/3)

## Why Tunisia?

- Since the Nation's gaining of independence in 1956, the middle class constitution is clearly connected to political power
- Almost no academic research has been done on the Tunisian middle class, and the study by Filali and Bouabib (2016) is the only recent study on this topic

# Purpose of the research

**The study's goal is to propose a recent identification of the middle class in Tunisia in order to underline its main characteristics but also to assess the impact of the current crisis on its members**

# Contribution of the paper

The originality of this work lies in the methodology used to identify the different social classes that comprise the Tunisian society:

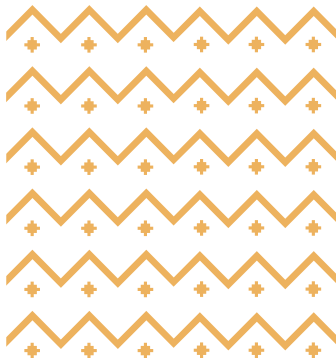
- **Sociological approach:** which includes variables indicating the position of individuals in the labor market
- **Economic approach,** based on individual's income





02.

# Literature Review



# Literature review (1/2)

The Tunisian middle class started to emerge in the 1970s, when the government decided to implement liberal measures to partially open the country's economy (Ayari, 2003)

According to Gherib (2011), this strategy contributed to the emergence of 2 components of the Tunisian middle class

- An « upper middle class » consisting of self-employed (and executive from the public sector according to Dahmani, 2016).
- A « lower middle class » composed of employees, mainly workers and urban employes

In 2010, Filali and Bouabib (2016) identified 3 components of the Tunisian middle class :

- The “lower middle class”, vulnerable to external shocks and representing half of the country's middle class
- The “intermediate middle class”;
- The “upper middle class”

# Literature review (2/2)

At the end of the XX<sup>th</sup> century, 3 elements contributed to destabilize the Tunisian middle classes (Gherib, 2011):

- The unfavorable evolution of the distribution between labor income and capital income as well as the widening of the range of incomes
- The weakening of the legal status of employees
- The rise in unemployment among higher education graduates

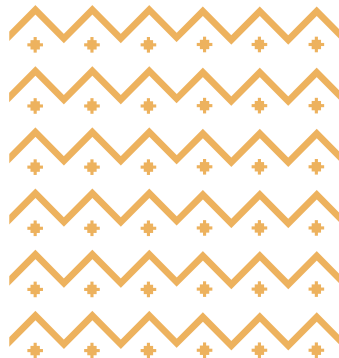
After 2011 and the Arab Spring, the Tunisian middle class was particularly affected by the economic crisis and inflation, resulting in a decrease in the size of this group from 80% in 2010 to 67% in 2015 (INS, 2015)

The COVID pandemic has led to an increase of both poverty and inequalities in the country (Kokas et al., 2021)



03.

# Methodology



# Data



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ECONOMIC RESEARCH FORUM

Microdata Catalog

DATA CATALOG

CITATIONS

HOME / CENTRAL DATA CATALOG / TUN\_CMMHH\_APR-2021\_V5.0



## COVID-19 MENA Monitor Household Survey, CMMHH- Apr. 2021

Tunisia, 2021 [COVID-19 MENA Monitor Household Surveys](#)

Economic Research Forum

Created on **November 22, 2021** Last modified **November 22, 2021** Page views **37376** Download **964** Metadata [DDI/XML](#) [JSON](#)

February 2021 wave for Tunisia

1908 individuals aged between 18 and 64

# Methodology (1/2)

Implementation of a **mixed classification technique** based on five factors that are determined at the individual's level

- ❖ Income
- ❖ Education level
- ❖ Occupation and socio-professional category
- ❖ Institutional sector of individuals
- ❖ Employment status

# Methodology (2/2)

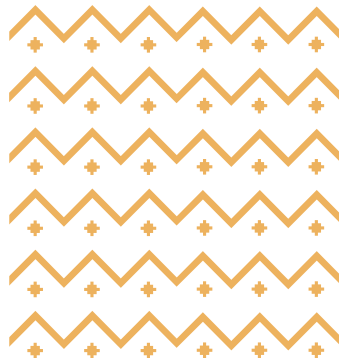
Using characterization variables in order to sharpen the description of the different social groups

- ❖ Socio-demographic variables (age, sex, region ...)
- ❖ Variables linked to the macroeconomic context / COVID-19 crises (decrease of income / inability to buy some goods)



04.

**Results**





# Main Findings

## Comparative distributions of **classification variables** according to classes

Variables	Class 1 (22,6%)	Class 2 (23%)	Class 3 (17,3%)	Class 4 (37,1%)	All Sample
<b>Income</b>					
< 400 dinars	25,5%	<i>1,1%</i>	17,9%	<b>32,8%</b>	21,3%
Between 400 et 550 dinars	<b>32%</b>	7,5%	21,6%	23,1%	21,2%
Between 550 et 1100 dinars	34,8%	34,4%	31,9%	28,1%	31,7%
> de 1100 dinars	7,7%	<b>56,9%</b>	28,6%	<i>16%</i>	25,7%
<b>Education</b>					
Basic education not completed	<b>39,7%</b>	5,2%	25,2%	29,6%	25,5%
Basic education	<b>27,4%</b>	6,4%	17,9%	15,7%	16,6%
Secondary education	31,6%	34,2%	<b>44,1%</b>	35,4%	35,7%
Higher education	<i>1,4%</i>	<b>54,2%</b>	12,8%	19,4%	22,2%

Source : ERF, *COVID-19 MENA Monitor Household Survey*, Tunisia, February 2021.

Notes : (1) Bold characters denote the fact that the value is significantly higher in the cluster than in the rest of the population. Italic characters do the same for values significantly lower in the cluster than in the rest of the population . Adjusted standardised residuals of Chi2 for categorical variables ( p , 0.05).

# Main Findings

Comparative distributions of **classification variables** according to classes (continued)

Variables	Class 1 (22,6%)	Class 2 (23%)	Class 3 (17,3%)	Class 4 (37,1%)	All Sample
<b>Socio-Professional Category</b>					
Managers, executives and leaders	1,4%	<b>36,2%</b>	<i>0%</i>	<i>0%</i>	8,7%
Self-employed, Business owners	<i>0%</i>	<i>0%</i>	<b>83%</b>	<i>0%</i>	14,3%
Technicians and intermediate professions	<i>0%</i>	<b>28,9%</b>	<i>0%</i>	<i>0%</i>	6,7%
Employees	1,6%	<b>30,1%</b>	<i>0%</i>	<i>0%</i>	7,3%
Workers	<b>97%</b>	4,8%	<i>0%</i>	<i>0%</i>	23%
Farmers	<i>0%</i>	<i>0%</i>	<b>17%</b>	<i>0%</i>	2,9%
Searching for a job	<i>0%</i>	<i>0%</i>	<i>0%</i>	<b>19,7%</b>	7,3%
Retired	<i>0%</i>	<i>0%</i>	<i>0%</i>	<b>10,9%</b>	4%
Other unemployed	<i>0%</i>	<i>0%</i>	<i>0%</i>	<b>69,4%</b>	25,8%

Source : ERF, *COVID-19 MENA Monitor Household Survey*, Tunisia, February 2021.

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# Main Findings

Comparative distributions of **classification variables** according to classes (continued)

Variables	Class 1 (22,6%)	Class 2 (23%)	Class 3 (17,3%)	Class 4 (37,1%)	All Sample
<b>Institutional sector</b>					
Public	3,2%	<b>34,6%</b>	<i>0%</i>	<i>0%</i>	8,7%
Formal private	35%	41,9%	<b>100%</b>	<i>0%</i>	34,8%
Informal private	<b>61,7%</b>	23,5%	<i>0%</i>	<i>0%</i>	19,4%
Unemployed	<i>0%</i>	<i>0%</i>	<i>0%</i>	<b>100%</b>	37,1%
<b>Employment status</b>					
Employees	<b>97,4%</b>	<b>100%</b>	<i>0%</i>	<i>0%</i>	45,1%
Self employed and entrepreneurs	<i>0%</i>	<i>0%</i>	<b>100%</b>	<i>0%</i>	17,3%
Unpaid workers	2,6%	<i>0%</i>	<i>0%</i>	<i>0%</i>	0,6%
Unemployed	<i>0%</i>	<i>0%</i>	<i>0%</i>	<b>100%</b>	37,1%

Source : ERF, *COVID-19 MENA Monitor Household Survey*, Tunisia, February 2021.

Notes : (1) Bold characters denote the fact that the value is significantly higher in the cluster than in the rest of the population. Italic characters do the same for values significantly lower in the cluster than in the rest of the population .  
Adjusted standardised residuals of Chi2 for categorical variables ( p , 0.05).

# Main Findings

## Comparative distributions of **characterization variables** according to classes

	Class 1 (22,6%)	Class 2 (23%)	Class 3 (17,3%)	Class 4 (37,1%)	ALL Sample
<b>Sexe</b>					
Male	<b>78,2%</b>	70,6%	<b>81,2%</b>	34,2%	60,7%
Female	21,8%	29,4%	18,8%	<b>65,8%</b>	39,3%
<b>Localisation</b>					
Urban	56,1%	<b>85,4%</b>	70,8%	68,7%	70,1%
Rural	<b>43,9%</b>	14,6%	29,2%	31,3%	29,9%
<b>Age</b>					
18-24 Years	10%	6,4%	6,1%	<b>23,6%</b>	13,5%
25-39 Years	37,8%	<b>47,6%</b>	37,1%	26,3%	35,7%
40-49 Years	<b>29,5%</b>	24,8%	26,1%	18%	23,6%
50-59 Years	17,6%	19,4%	<b>23,1%</b>	18%	19,1%
60-64 Years	5,1%	1,8%	7,6%	<b>14,1%</b>	8,1%

Source : ERF, COVID-19 MENA Monitor Household Survey, Tunisia, February 2021.

Notes : (1) Bold characters denote the fact that the value is significantly higher in the cluster than in the rest of the population. Italic characters do the same for values significantly lower in the cluster than in the rest of the population . Adjusted standardised residuals of Chi2 for categorical variables ( p , 0.05).

# Main Findings

## Comparative distributions of **characterization variables** according to classes (continued)

	Class 1 (22,6%)	Class 2 (23%)	Class 3 (17,3%)	Class 4 (37,1%)	ALL Sample
<b>Region</b>					
Grand Tunis	20%	<b>34,6%</b>	19,1%	20,7%	23,5%
North-East	19,5%	15,9%	17,3%	13,4%	16,1%
North-West	6,5%	5,9%	8,8%	<b>11,9%</b>	8,8%
Center-East	28,8%	26,9%	24,3%	27,4%	27,1%
Center-West	12,8%	5,7%	15,5%	12,3%	11,4%
South-East	7%	5,5%	8,8%	9,2%	7,8%
South-West	5,6%	5,5%	6,1%	5,1%	5,5%
<b>Marital status</b>					
Not Married	27,8%	28,5%	23,7%	<b>34,7%</b>	29,8%
Married	68,4%	68,6%	<b>72,3%</b>	59%	65,6%
Widowed / divorced	3,7%	3%	4%	6,4%	4,6%

Source : ERF, COVID-19 MENA Monitor Household Survey, Tunisia, February 2021.

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# Main Findings

## Comparative distributions of variables linked to the macroeconomic context by class

	Class 1 (22,6%)	Class 2 (23%)	Classe3 (17,3%)	Class 4 (37,1%)	All Sample
<b>Revenue change</b>					
<b>Decrease of + 25%</b>	<b>32,9%</b>	<i>18,7%</i>	<b>51,1%</b>	20,8%	28,3%
<b>Decrease between 1 and 25%</b>	22,7%	<i>13%</i>	18,8%	22,2%	19,6%
<b>No change</b>	38,3%	56%	25,5%	51,6%	45,1%
<b>Increase from 1 to 25%</b>	3,5%	<b>9,3%</b>	3,3%	3,8%	4,9%
<b>Increase of + de 25%</b>	2,6%	3%	1,2%	1,6%	2%
<b>Inability to buy due to decrease of income</b>	<b>86,3%</b>	<i>46,5%</i>	<b>75,1%</b>	70,4%	69,3%
<b>Inability to buy due to increase of prices</b>	<b>86,8%</b>	<i>58,3%</i>	75,1%	76,2%	74,3%

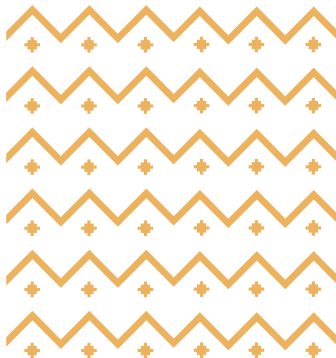
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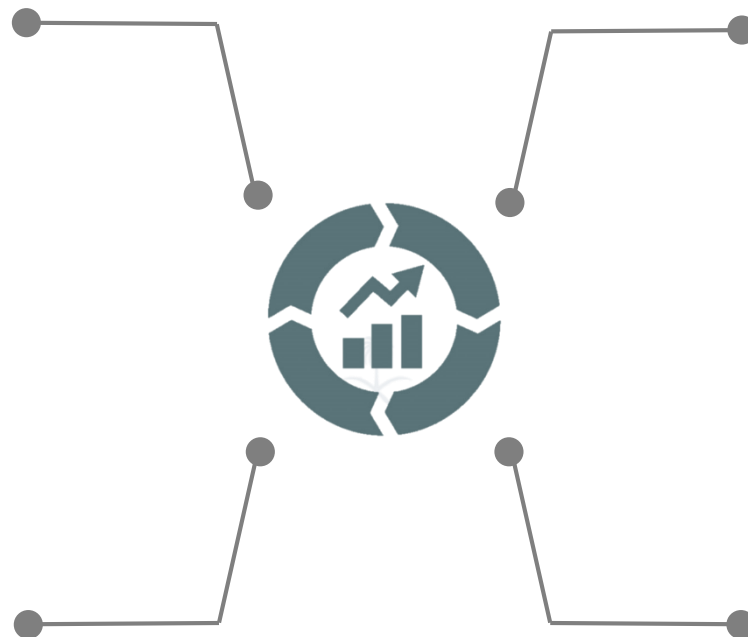
05.

# Conclusion and Recommendations



4 main social groups in Tunisia:

- a **vulnerable group** : people with low incomes and unemployment;
- a “**lower middle class**” : employees working as manual laborers with a low level of education and a high proportion of informal workers
- a “**middle class of entrepreneurs and self-employed**” : people with an intermediate level of education
- an “**upper middle class**” that overlaps with wealthy categories : well-educated individuals, with high incomes, and over-represented in the public sector



Our results support a current phenomenon of decadence that has been affecting the middle class in Tunisia (smaller than previously)

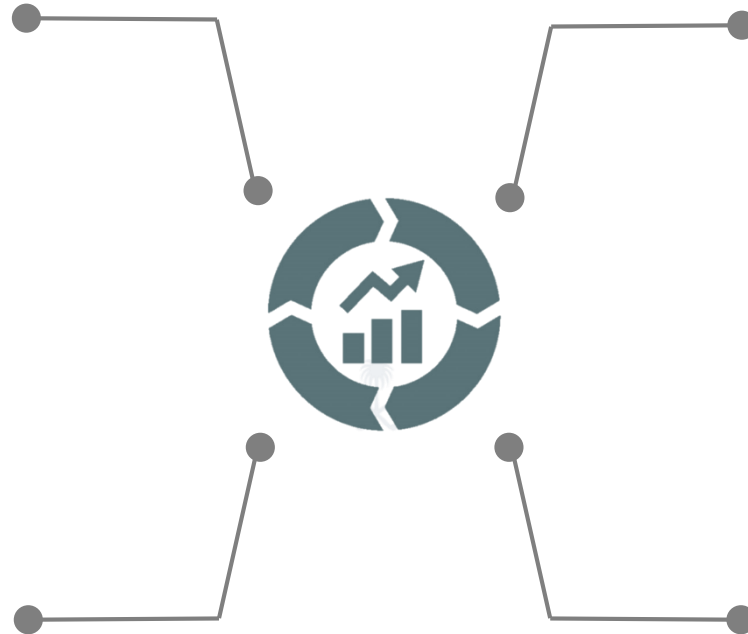
The "lower middle class" has particularly suffered from the COVID crisis: its members frequently reported a significant drop in income and an inability to purchase specific goods or services because of income decrease of price increase



# Implications and urgent actions

The unfavorable evolution of the labour-to-capital income ratio and income inequalities

The deterioration of employees' legal status and the question of informal workers



The increase of unemployment among higher education graduates and less qualified seniors

Skilled migration  
Irregular migration

**Thank you for your attention !**

**Any questions, comments or suggestions please ?**