Abstract

This paper tries to study a main component of governance that is political stability and its relationship with economic growth and other macroeconomic variables. Our choice for this topic is justified firstly by the fact that the economic growth of Tunisia knows a significant drop in the years that follow the political disturbances, secondly to understand the main determinants of political instability.

The assumption is that the political instability has a negative impact on the growth of real gross domestic product (GDP). To test this hypothesis, we will use a Solow model, which is the starting point of almost all analyzes of economic growth according to Romer. Political instability variable was introduced as an indicator variable that takes the value 1 if there is political instability and 0 otherwise. The estimate of the Solow model over the period 1970-2014 shows that the presence of political instability in a Tunisian fiscal year will reduce the economic growth rate of 0.047 percentage points.

Besides estimating a Solow model, a Probit model is estimated to examine the impact of GDP, Labor Force growth and Capital on the likelihood that Tunisia is unstable. The Probit model indicates that Political Instability and Capital are moving in opposite direction. And that it operates in the same direction with the growth Labor Force and GDP. The latter result is surprising; however it may be explained by the fact that income distribution is uneven. Any increase in national wealth could generate internal disorders that can lead to political instability.

Indexing terms/Keywords

Economic Growth, Solow Model, Probit Model, Political Instability, Maximum Likelihood.

Academic Discipline and Sub-Disciplines

Economic and Econometric Discipline

SUBJECT CLASSIFICATION

Economic Subject Classification

TYPE (METHOD/APPROACH)

Econometric Analysis

1. INTRODUCTION

Over the past three decades, theorists of development economics have given special importance to political and institutional variables. A characteristic of most underdeveloped countries is political instability. And Tunisia is no exception to this problem. The analysis of the evolution of real GDP growth and political stability variable in Tunisia over the past four decades portends a negative correlation between the political turmoil that have been occurred during this period and economic growth.

And one wonders if this is a coincidence or a cause and effect relationship between these two variables? Which influences the other? Does the political instability that causes the slowdown in economic activity, so the fall in the growth rate; or conversely, the low level of economic activity that causes political unrest across the dissatisfaction of basic needs of the population?

These are very important issues that we will try to find their responses throughout the study.

The objective of this study is to examine the relationship between economic growth and political instability in Tunisia on the one hand and to identify the determinants of political instability on the other, through five sections. The second section recalls the main theoretical and empirical outcomes of the relationship between economic growth and governance in particular political instability. Section three describes the data and presents the empirical model and its estimation, followed by a discussion of results in section four. Section five concludes.
2. THEORETICAL AND EMPIRICAL OUTCOMES

At the theoretical level several important studies have been conducted: Olsen (1991) pointed out that in democratic states; the leaders are seeking to be reelected, so they will encourage economic growth. He also argues that political instability is the cause for slower economic growth, and not vice versa, although the “demand for democracy” may rise with increased income.

McGuire and Olson (1996) have studied in detail the relationship between political systems and economic growth. Their analysis focuses on three forms of political organization: anarchy, dictatorship and democracy. In anarchy, “roving bands” rule the land and have no interest in the public good. They use their armies to maximize their own income, and citizens have no incentive to produce. Hence, total income in anarchy is very low.

The main idea in the McGuire and Olson model is that, if the autocrat is in an uncertain position, or if the citizens believe the government’s position is uncertain, the incentive to invest in public goods and increase income is reduced. Hence political instability which undermines the government’s long-run credibility should have detrimental effects on economic performance. However democracies lead to higher economic growth.

For De Haan Jakob and Siemann (1996), in a situation of political instability the offer of capital and labor will drop and the risk of loss of capital will increase which leads to a fall in investment. At the same time, political instability is characterized by the loss of property right, brain-drain and capital flight.

Alesina, Ozler, Roubini and Swagel (1992), as investors still seek a stable environment. So in case of political unrest they will leave the economy. For this purpose, they used the probability of government change as a measure of political instability.

At the empirical level the relationship between instability and growth remains somewhat unclear. Indeed there is no consensus on the direction of the causality and the measurement and definition of political instability.

As regards the direction of causality, there are three schools of thoughts.

The first school of thought argues that the direction of causality is from the political instability to economic growth. The second school of thought argues the opposite direction. The third school of thought suggested a causal relationship in either direction. Empirical studies are also divided regarding the definition and measurement of political instability.

De Haan and Siemann (1996) have investigated the relationship between instability and growth in a panel of countries and regions. Influenced by Alesina, Ozler, Roubini and Swagel (1992), they used GDP as the dependent economic variable and changes in government as the measure for political instability. A dummy variable was used for this purpose that takes the value 0 if the number of government transfers exceeds seven and 1 otherwise. However, the relationship between instability and growth is not significant except in Africa, this is not surprising indeed; using such a binary variable to measure variations in political instability within a large panel of countries is insufficient.

Campos and Nugent (2000) did not use the changes in the government as a measure of political instability but they built their own indicators, one for mild and another for severe instability. They found no statistically significant relationship between political instability and economic growth. However, like De Haan et al, they found a significant negative relationship in African countries.

Barro (1991) used two measures of political instability, which are the number of revolutions and/or coups per year and the number of political assassinations per year per million population, both variables affect negatively growth. His interpretation of this result is that both of these variables distort property rights, and there by hamper investment and decrease growth. Knack and Keefer (1995) and Easterly and Levine (1997), subsequently confirm that revolutions inhibit growth.

Alesina et al. (1996) showed that the probability of government change negatively affects growth. Similarly, Alesina and Perotti (1996) confirmed that political violence (assassinations, deaths due to political violence, coups, and a dictatorship dummy) reduces growth.

Jong-A-Pin (2009) finds only the instability of the political regime has a robust and significant negative effect on economic growth.

Aisen and Veiga (2010) found that lower growth is associated with higher degree of political instability, they used GMM estimator for linear dynamic panel data models on a sample of 169 countries, and 5-year periods from 1960 to 2004.

Country specific studies include the study of Zablotsky (1996), by using an ARDL model (p, q); he studied the link between political instability and economic growth for Venezuela for the period 1983-2000. He noted that political instability negatively affects the growth, but not by way of investment. Similarly Asteriou and Syriopoulos (2000) found a strong negative relationship between these two variables for Greece.

Contrary to other studies that have investigated the effect of political instability on growth, Zablotsky (1996) showed that slow economic growth causes political instability. He measured political instability using the probability of a military coup d’état.
To study the direction of causality between economic growth and political instability on a panel of 19 countries, Kirmanoglu (2003) used GDP per capita and an index of political freedom as variables. After transforming the series into a stationary series in order to be able to conduct the Granger tests. He found that political stability seemed to generate economic growth in two countries, while, in three countries, he found that the causality was in the opposite direction. For the rest of countries the relationship between the two variables is not significant.

3. DATA AND MODEL

3.1. The Empirical Model

The model that we have chosen for the empirical study is a Solow model, the political instability variable was introduced subsequently as a dummy variable. Indeed, David Romer, emphasized that the Solow model is the starting point for almost all analyzes of growth. And even models that are completely away from the Solow model are better understood by reference to him.

The Solow model is based on a Cob-Douglas production function and it is presented as follows:

$$ Y = K^\alpha (AL)^{1-\alpha} \quad (1) $$

Where $Y$ is the level of gross domestic product; $K$: level of capital; $L$: labor power; $A$: an index of labor productivity. If the first three variables are easily measurable, the final resting unobservable. Solow said that this variable depends on technical progress. In some studies, this technical progress is assimilated to constant $A$.

To linearize the model, the log operator was introduced:

$$ \ln Y = \alpha \ln K + (1-\alpha) \ln L + (1-\alpha) \ln A \quad (2) $$

Thus the model becomes easy to estimate and the estimated coefficients of the regression in levels are interpreted as elasticities. If the model is estimated in first differences, the coefficients are interpreted as growth rates, in addition to being elasticities.

Dummy variable relative to political instability was afterwards introduced into the linearized Solow model. This variable takes the value 1 if Tunisia has experienced political disturbances in the relevant year and 0 if not.

It should be noted that the World Bank publishes global governance indicators since 1996, such as the index of control of corruption, government effectiveness, regulatory quality, rule of law, voice and accountability and political stability. This latest, however remains available for a horizon not exceeding sixteen observations; which prevents us to use in our work extends rather on a 45-year period. Indeed, from 1996 to 2002, publication of the World Bank was doing every two years; but starting from 2002 it is done on an annual basis (see following table):

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
<td>0.1</td>
<td>0.0</td>
<td>0.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Index</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>-0.4</td>
<td>-0.7</td>
<td>-0.9</td>
<td>-0.9</td>
</tr>
</tbody>
</table>


3.2. Variables and Data

The variables included in the model are the real gross domestic product (GDP), capital (Capital) and the manpower (Labor).

To measure political instability in Tunisia, we introduce a dummy variable noted Instab; this variable is set to 1 if there's instability, and 0 elsewhere.

we admit that there's instability if there's social unrest, attempted coup, coup, revolution or terrorist act.

The data series are from the Penn World Tables, World Bank and the Organization for Economic Co-operation and Development (OECD).
3.3. Unit Root Tests Applied to the Series

To test the stationarity of the series we have used the Augmented Dickey-Fuller test (ADF). Thus, the estimated regression is as follows:

$$\Delta y_t = c + \beta t + \alpha y_{t-1} + \sum_{i=1}^{p} \gamma_i \Delta y_{t-i} + \varepsilon_j$$  \hspace{1cm} \text{(3)}

Where c is the constant; t is time; y is the series studied, p, the number of lags and ε an error term.

The test assumptions are:

$$H_0: \ \alpha = 0$$

$$H_1: \ \alpha < 0$$

$H_0$ means that there is a unit root, the series is integrated of order 1; and $H_1$ means that there is no unit root; the series is integrated of order 0.

The statistic used to conduct the test is:

$$T = \frac{\hat{\alpha}}{SE(\hat{\alpha})}$$

This statistic is asymptotically Dickey-Fuller (DF) distribution. The null hypothesis will be rejected if the value of T is less than the $\alpha$ quantile of a DF distribution.

To make the ADF test, you must first select the optimal number of lags. This choice was made by AIC Information Criterion. This criterion gives 12 lags for log GDP, 12 lags for the log of the population and 6 lags for capital.

The results of the ADF test obtained by Eviews for the three variables are as follows:

<table>
<thead>
<tr>
<th>Variable</th>
<th>T (test statistic)</th>
<th>Critical value (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>lnGDP</td>
<td>-3.211</td>
<td>-3.784</td>
</tr>
<tr>
<td>lnCapital</td>
<td>-2.165</td>
<td>-2.987</td>
</tr>
<tr>
<td>lnLabor</td>
<td>-2.457</td>
<td>-3.654</td>
</tr>
</tbody>
</table>

For a level of $\alpha = 5\%$, we can not reject the null hypothesis of no unit root. We conclude that the series are integrated of order 1. So we must to estimate the model in first differences.

3.4. Model Estimation

To measure the effect of political instability, we estimate a simple model of Solow in first differences and a Solow model with variable political stability using ordinary least squares. And then we will compare the two models.

3.4.1. Model without the variable of political stability

The results of the estimation are as follows:

$$\Delta \ln GDP_t = 0.0311 \times \Delta \ln Labor_t + 0.614 \times \ln Capital$$  \hspace{1cm} \text{(4)}

$$R^2 = 0.612 \quad \text{Adjusted } R^2 = 0.452 \quad F(2,41) = 17.52$$

Note: The numbers in parentheses are student t-values

If the residuals of the model are not stationary, the model in question is a spurious regression. It is then necessary to do a unit root test on the residuals of the model.

For an optimal number of 2 lags, determined by the AIC, the results of the ADF test obtained by Eviews are:
Table 3. ADF test on residues (Model without the variable of political stability)

<table>
<thead>
<tr>
<th>Variable</th>
<th>T(test statistic)</th>
<th>Critical value (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual term</td>
<td>-3.11</td>
<td>-3.79</td>
</tr>
</tbody>
</table>

We can not reject the unit root null hypothesis for a level $\alpha = 5\%$. The residues are not stationary, and then the regression is illusory. The model estimated without the presence of the variable political stability cannot inform us about the evolution of the growth rate.

3.4.2. *Model in first differences with the political stability variable*

The results of the estimation are as follows:

$$\Delta \text{lnGDP}_t = 0.054 - 0.571^{*} \Delta \text{lnLabor}_t + 0.362^{*} \text{Capital}_t - 0.047^{*} \text{Instab}_t$$

(5) $R^2 = 0.822$  Adjusted $R^2 = 0.721$  $F(23,40) = 17.52$

Note: The numbers in parentheses are student t-values

For an optimal number of 1 lag, determined by the AIC, the results of the ADF test obtained by Eviews are:

Table 4. ADF test on residues (*Model in first differences with the political stability variable*)

<table>
<thead>
<tr>
<th>Variable</th>
<th>T(test statistic)</th>
<th>Critical value (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residual term</td>
<td>-4.21</td>
<td>-3.15</td>
</tr>
</tbody>
</table>

ADF test at 5%, indicates that it must reject the null hypothesis of non-stationary residuals. Therefore, our regression is not illusory.

In general, studies examining the effect of political instability on economic growth present a problem of endogeneity; in the sense that political instability affects both economic growth and other macroeconomic variables that influence economic growth. Therefore, it is important to conduct a test of endogeneity of the capital variable. The most used remains the Hausman test, which tests the null hypothesis of exogeneity against the alternative hypothesis of endogeneity. Another issue that needs to be checked is the autocorrelation of errors.

To make sure of the results of our estimate, we test endogeneity of the explanatory variables, afterwards the Error autocorrelation test.

- **Hausman endogeneity test**:
  - **Instrumental variables**
    The Hausman test requires that we identify the variables that may be endogenous and possible instrumental variables that can be used to control endogeneity.
    The variable may be endogenous in our model is investment. Because political instability may initially negatively affect the investment itself would hurt economic growth. As an instrument for the variable investment, we chose the French GDP; although in general, the candidates for the instrumental variables are lagged variables. Our choice is justified by the fact that France is the largest trading partner of Tunisia.
  - **Hausman test**
    The Hausman test is done in two steps:
    - First step: We regressed the supposed endogenous variable on other variables in the model, and then we estimate the residual.
    - Second step: Afterwards we estimate the model with the residue calculated in first step as an additional explanatory variable. Then we carry out a significance test on the coefficient of the residue. If this coefficient is statistically non-zero, we conclude that there is no endogeneity.
The regression obtained with the error term calculated in first step is written as follows:

\[
\Delta \ln GDP_t = -0.23 - 0.89* \ln Labor_t + 1.254* \ln Capital_t + 0.122* \text{Instab}_t - 0.77* U_t
\]

(Note: The numbers in parentheses are student t-values)

(6)

We note that the coefficient of the residual variable \( U_t \) is not significant at the 5% threshold as the value of \( t \) is very small (\( t = -0.24 \)). Therefore, we cannot reject the null hypothesis of nullity of the \( U \)-coefficient. Then we conclude that there is no endogeneity of the Capital variable.

- **Error autocorrelation test**: the Breusch-Godfrey test:

Another important test to perform is that of autocorrelation. To this end, several tests are available, such as Box-Pierce test, the Durbin-Watson test and Breusch-Godfrey test. The first two require very strong assumptions such as strict exogeneity and error normality in the case of the Durbin-Watson test. We opted for the Breusch-Godfrey test, that does not require exogenous and normality. Moreover, it can test the autocorrelation over multiple periods unlike the Box-Pierce test that tests only the correlation between the first two periods.

The steps of the test are as follows:
- Estimate by OLS regression of \( y_t \) on the regressors and calculate residue;
- Estimate by OLS regression of the residue on the regressors and past values of the residue.
- Make a Fischer test of significance of delayed residues or look at the \( R^2 \) of the regression.

The regression obtained in second step is written as follows:

\[
U_t = 0.0177 - 2.125* \Delta \ln Labor_t + 0.036* \ln \text{Capital}_t + 0.0025* \text{Instab}_t - 0.245* U_{t-1} + 0.025* U_{t-2} + 0.064* U_{t-3}
\]

\[
R^2 = 0.044; \quad F(6;34) = 0.41
\]

(Note: The numbers in parentheses are student t-values)

Student test show that the null hypothesis that all coefficients of the lagged values of the residue are zero is accepted at significance level of 5%. The \( R^2 \) of the regression is equal to 0.06, substantially zero, which confirms the acceptance of the null hypothesis of coefficients \( H_0 \).

4. **EMPIRICAL RESULTS**

4.1. **Results of Solow Model**

We will rewrite the results given in (3.3.2).

\[
\Delta \ln GDP_t = 0.054 - 0.571* \Delta \ln Labor_t + 0.362* \ln \text{Capital}_t - 0.047* \text{Instab}_t
\]

\[
R^2 = 0.822 \quad \text{Adjusted } R^2 = 0.721 \quad F(23;40) = 17.52
\]

(Note: The numbers in parentheses are student t-values)

The coefficient of determination (\( R^2 \)) amounts to 0.822. Taking into account the number of degrees of freedom, this coefficient of determination (Adjusted \( R^2 \)) becomes 0.72. This means that the explanatory variables, capital, Labor and political instability only explain 72% of the economic growth rate during the study period. The other 28% of the explanation of the growth rate is to look elsewhere.

Student test indicates that all variables are significant at the 5% level, except the labor variable which is not very significant; this can be explained by the existence of a low skilled workforce in Tunisia.
Fisher's global significance test indicates that the model is globally significant at the 5% level. The Hausman endogeneity test performed on the variable investment shows that investment is an exogenous variable. While the test Breusch-Godfrey shows the absence of autocorrelation. Therefore, the econometric model is valid and may be subject to economic analysis. Since it is estimated in first differences and logarithms, the coefficients are not only elasticity but also growth rate. In fact:

\[ \Delta \ln PIB_t = \ln PIB_t - \ln PIB_{t-1} = \ln \left( \frac{PIB_t}{PIB_{t-1}} \right) \]

Therefore, an increase in the growth rate of capital of 1% leads to an increase in the GDP growth rate of 0.362 percentage points. Political instability is reducing the growth rate of 0.047.

The constant represents the technology in the context of Solow. His sign is positive. This means that an increase in the growth rate of technology of 1% would lead to increased economic growth rate of 0.054 percentage points.

The coefficient of the Labor force is -0.571, it is negative. This would mean that a decrease in the population growth rate of 1% would lead to an increase in the economic growth rate of 0.571. But this coefficient is significant only at 10%. In a high unemployment environment (15.2% of the population according to official statistics), it is not surprising that population growth does not significantly influence the economic growth. Also, this can be explained by the lack of qualification of the labor and excess of employees in the public service.

To conclude we can say that political instability reduces economic growth. This variable is particularly important that its absence in the model leads to a spurious regression, therefore a specification problem.

4.2. Results of Probit Model

Under the assumption of normality of errors, and since the Instability variable is dichotomous we can use a Probit model. The assumption is that real GDP, Capital variable and Labor force growth rates can also play a role in the probability of occurrence of political instability.

The results of the estimate by maximum likelihood are:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard deviation</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>lnGDP</td>
<td>12.11</td>
<td>7.35</td>
<td>0.034</td>
</tr>
<tr>
<td>lnCapital</td>
<td>-9.24</td>
<td>4.34</td>
<td>0.048</td>
</tr>
<tr>
<td>lnLabor</td>
<td>9.63</td>
<td>5.79</td>
<td>0.078</td>
</tr>
<tr>
<td>Constant</td>
<td>198</td>
<td>120.32</td>
<td>0.032</td>
</tr>
</tbody>
</table>

The coefficients of the variables lnGDP, lnCapital and the constant are significant at the 5% significance level, except for the coefficient of lnLabor variable is significant at 10%. The relationship between the lnGDP and political instability variable is positive, as well as that between the lnLabor and political instability variable. While the lnCapital and political instability variable move in the opposite direction.

In a Probit Model, the coefficients are not subject to interpretation but rather marginal effects. These are given in the following table:

<table>
<thead>
<tr>
<th>Variable</th>
<th>dy/dx</th>
<th>SD</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>lnGDP</td>
<td>3.11</td>
<td>0.84</td>
<td>0.005</td>
</tr>
<tr>
<td>lnCapital</td>
<td>-1.22</td>
<td>0.77</td>
<td>0.053</td>
</tr>
<tr>
<td>lnLabor</td>
<td>2.31</td>
<td>0.53</td>
<td>0.048</td>
</tr>
</tbody>
</table>

Marginal probability: P(Y=1)=0.765
To determine the effect of each explanatory variable on the probability that the country is unstable, it is important to look at the marginal effects of the independent variables on the dependent variable (political stability). These effects are noted dy/dx.

Indeed, an increase in real GDP of 1% leads to an increase of 3.11 percentage points the probability of being stable. This result is contradictory to our hypothesis about the expected sign; because it would mean wealth creation would be political instability. It may therefore be indicative of an important phenomenon to explore. It may have a particular meaning in a country where the redistribution of wealth is somewhat uneven.

By against for the InCapital variable, the expected and obtained signs coincide. The results indicate that increasing the level of investment by 1% decreases the probability of being unstable to 1.22 percentage point.

Political instability and the growth of the labor move in opposite directions. The model indicates that a Labor growth of 1% increases political instability probability of 2.31 percentage point in Tunisia.

This relationship reflects a tangible reality in the regions of Sidi Bouzid, Kasserine and disadvantaged cities in the capital Tunis (Attadamon Alintilaka...), where the unemployment rate is very high and primarily affects young graduates.

Indeed, political disturbances that preceded the Tunisian revolution of 17 December 2010, are started in these disadvantaged regions and cities.

5. CONCLUSION
The main objective of this paper is to measure the impact of political instability on economic growth in Tunisia in a context of Solow. The study covers the period from 1970 to 2014. The estimated model shows that the presence of political instability during a fiscal year in Tunisia will reduce the growth rate of 0.047 percentage points. Similarly, an increase in the rate of Capital growth of 1% leads to an increase in the GDP growth rate of 0.362.

The sign of the constant is positive and its value amounted to 0.054. This would mean an increase in the rate of growth of 1% level of technology would lead to an increase in the economic growth rate of 0.054 percentage points. The constant is crucially important in the model, since in the context of Solow, it represents technology.

The sign of the Labor coefficient is negative; and it amounts to -0.571. This would mean an increase in the Labor growth rate of 1% would lead to a decrease in the economic growth rate of 0.571. But it is less significant than other coefficients (10%). In a high unemployment environment (15.2% of the population according to official statistics), it is not surprising that population growth does not significantly influence the economic growth. Also, this can be explained by the lack of qualification of the labor and excess of employees in the public service.

The quality of the regression is not bad since R-squared value is enough High (0.822)

Besides the relationship between growth and political instability, we have studied the reverse direction of the relationship between political stability and the independent variables: real GDP, Labor force and Capital. The estimated Probit Model indicates that an increase in real GDP of 1% leads to an increase of 3.11 percentage points likely to be unstable.

This result is contradictory to our hypothesis about the expected sign; because it would mean the creation of wealth is a factor of political instability. It may have a particular meaning in a country where the redistribution of wealth is somewhat uneven.

The increase in the level of capital by 1% decreases the likelihood of being instable to 1.22. It is also observed that political stability and population growth move in opposite directions: a growth in Labor Force of 1% increases political instability probability of 2.31 percentage point in Tunisia. This relationship reflects a tangible reality in the regions of Sidi Bouzid, Kasserine and disadvantaged cities in the capital Tunis (Attadamon Alintilaka, Elkram...), where the unemployment rate is very high and primarily affects young graduates. Indeed, political disturbances that preceded the Tunisian revolution of 17 December 2010 are started in these disadvantaged regions and cities.

To conclude, we can say that the political stability of Tunisia requires the creation of employment and the creation and equal distribution of wealth. These objectives cannot be achieved without the protection of the rule of law and property rights, as well as the commitment to stable and transparent policies. Another priority relates to the reforms of the problems that exist for many years, including the applied rules and regulations of discretionary and uneven, the high cost of subsides, inadequate and irregular supply of infrastructure services, quality of education, skills development and malfunctioning markets.

REFERENCES


