

Public Infrastructure Spending and Economic Growth in Tunisia: A Computable General Equilibrium Analysis

Jabeur Salhi*

*Laboratory of Innovation Management and Sustainable Development
Higher Institute of Management of Sousse, Tunisia*

Saloua Benammou**

*Faculty of Economic Sciences and Management
University of Sousse, Tunisia*

Abstract: This study examines the current challenges confronting the Tunisian economy, particularly high unemployment rates, and investigates the potential impact of increased investment in infrastructure on economic growth. It provides a unique and focused perspective on a critical issue for developing countries, facilitated by innovative extensions tailored to the Tunisian context, a comprehensive comparative analysis of financing options, and the application of an advanced economic model. Employing a computable general equilibrium model, this research simulates four financing scenarios that involve government deficits and corporate tax rates. The primary objective is to evaluate the effects of these investments on economic development and the alleviation of unemployment. Findings indicate that the Tunisian economy experiences significant benefits from an increase in public spending, regardless of whether it is financed through taxation or deficits. This research offers critical insights for policymakers, underscoring the advantages of a structured public investment strategy oriented towards sustainable outcomes.

Keywords: General Equilibrium, Economic Growth, Policy Making, Public Investment, Unemployment

JEL Classification Number: C68, O4, E6, H54, J6

*Ph.D. in economics. Corresponding author. Email: jabeur.salhi@isgs.u-sousse.tn;
Email: jaber.salhi@yahoo.com;

**Email: saloua.benammou@yahoo.fr