

Belgian Politics in 1992

by Ivan COUTTENIER

Licentiate in Political Science

1. The election aftermath and the forming of a new cabinet

1.1. *The making of the community and regional governments*

In the November 1991 general election, the Flemish Christian Democrats (CVP) and Flemish Socialists (SP) had suffered severe losses while the ultra-right Vlaams Blok had made a real breakthrough. Consequently, the forming of a new cabinet had become extremely difficult. The first post-electoral move was made by CVP President Herman Van Rompuy who announced that his party would refrain from any initiative aimed at solving the political stalemate.

Since the Flemish Liberals (PVV) were among those who had won the election, the King named PVV Minister of State Frans Grootjans informateur, whose task it was to sound out the party leaders. After completion of Grootjans' mission, the King called on PVV party president Guy Verhofstadt to form a government. Verhofstadt started talks with the Socialists and Greens, but the Flemish Socialist did not feel very much for a Liberal-Socialist-Green coalition. After Verhofstadt's aborted attempt, the King asked Francophone Christian Democratic (PSC) Vice Premier Melchior Wathelet to form a cabinet. While Wathelet consulted with a wide range of public figures, the real action was on the regional level. Early January 1992, the PSC and PS reached agreement on the forming of coalition government for the Francophone Community and Walloon Region. On January 6, PS President Guy Spitaels surprised friend and foe by announcing that he himself would lead the Walloon regional government. Observers noted that Spitaels had reached the conclusion that since CVP leaders would obstruct his attempts at becoming a minister in the national government, his only alternative left was the Walloon regional government. Many viewed Spitaels' decision as another demonstration that Wallonia had become the PS number one priority. On top of Spitaels, the other elected ministers of the Walloon regional government were Albert Liénard (PSC), André Baudson (PS), Jean-Pierre Grafé (PSC), Robert Collignon (PS), Guy Lutgen (PSC) and Guy Mathot (PS). Willy Burgeon kept the presidency of the Walloon Regional Council (regional legislature). Bernard Anselme (PS) became the new president of the Francophone Community government which included Elio Di Rupo (PS), Michel Lebrun (PSC) and Magda De Galan (PS). Anne-Marie Corbisier (PSC) was elected president of the French Community Council (legislature). She replaced Antoinette Spaak (FDF).

On the Flemish side, the making of the regional government was a difficult operation. As of 1988, the Flemish executive was composed proportionally and this had remain so until October 1992. As a result of the November 1991 election, the proportional rule left the CVP with four ministerial seats, the SP with three, the PVV had two portfolios and the Volksunie and Vlaams Blok both were entitled to just one. The Vlaams Blok was the first to announce that since the

Flemish government was not genuinely independent it was not interested in this regional seat. On the other hand, the PVV and VU said they were only willing to join provided they were allowed to join the policy planning talks. On January 6, Volksunie President Jaak Gabriels announced that his party and the PVV would present a draft policy plank and that they would seek support from the other parties. Both CVP and SP were not interested in this initiative. In the meantime, Bernard Anselme had proposed direct negotiations between the Flemish and Francophone communities on the pending constitutional reform agenda. This led to consultations among the Flemish parties, with CVP and SP emphasizing that the next federal government would have to play a role in these constitutional discussions. On January 21, the Flemish Council (legislature) met for the election of the new regional government, but since PVV, VU and Vlaams Blok refused to present candidates, only seven slots were filled. CVP Deputy Luc Van den Brande (CVP) became the new president of the regional government in replacement of Gaston Geens. The other ministers elected that day were Norbert De Batselier (SP), Theo Kelchtermans (CVP), Hugo Weckx (CVP), Luc Van den Bossche (SP), Leona Detiège (SP) and Wivina Demeester (CVP). At that moment, there were signs of a rapprochement between CVP-SP on one side and the Volksunie on the other. Inside the Volksunie, Hugo Schiltz, Vice-Premier in Martens government, was a vocal advocate of joining the Flemish government. However, party president Gabriels's hands were tied because of his negotiations with the PVV.

Finally, the VU got involved in the negotiations which led to the Flemish government's platform on January 29, upon which the party decided to join the Flemish government and Johan Sauwens was chosen to fill the ministerial slot.

1.2. *The making of the federal government*

From the start of his mission on, formateur Wathelet was moving in the direction of a center-left cabinet, but he remained very vague about his constitutional reform plans. The CVP was in favor of a cabinet of Christian Democrats, Socialists and Liberals (tripartite) which would deal with the pending constitutional reform agenda, but the Francophone Liberal PRL was the only party in favor of such a coalition. Although it was soon obvious that the talks were moving in the direction of a classic center-left cabinet, the CVP kept insisting on exploring possibilities of securing a two-thirds majority in Parliament in order to adopt the pending constitutional reform agenda. On January 28, formateur Wathelet met with representatives from the Francophone Democratic Front (FDF) and the two Green parties, and the next day he met with representatives from the two Liberal parties and the Volksunie, in order to assess under what conditions they would be willing to support a constitutional reform package. Except for the FDF, all parties reacted negatively. Wathelet's mission was in a deadlock, and on February 1, after some consultations he conducted himself, the King released Wathelet of his mission. The same day, outgoing Vice-Premier Jean-Luc Dehaene (CVP) was named informateur.

After having made some constitutional reform proposals himself, also Dehaene came to the conclusion that a center-left cabinet was the only option left. While such a cabinet is being formed, Dehaene proposed, he himself would step up efforts at finding a two-thirds majority in Parliament. This statement meant the breakthrough in the government formation process. Dehaene's two-track approach was approved by the CVP executive board February 20. The party, nevertheless, added that it would view such a team as an 'emergency' cabinet. On

February 22, Dehaene was named 'negotiator' by the King. Within a week, Christian Democrats and Socialists reached agreement on a new cabinet. This meant that all issues pertaining to constitutional reform were referred to a 'community-to-community' dialogue.

On March 5, the four parties conventions were called to approve the agreement. All eyes were set on the CVP convention which took place in a heated atmosphere.

Finally, the convention endorsed the agreement by 731 to 425 votes, with 25 representatives abstaining.

Nevertheless, the convention ended in turmoil with CVP President Van Rompuy obstructing a vote on a "critical" resolution submitted by the party's youth branch. The approval by the other parties was a mere formality with over 90 percent in favor in the two Socialist parties and the PSC. On March 6, the King asked Dehaene to form a cabinet. The parties rapidly agreed to operate a substantial cut in the number of ministerial portfolios. They finally agreed to 15 ministerial slots, and one secretary of state position. When the party cenacles met to decide on whom would be the next ministers, there were again problems inside the CVP, and it was midnight before the names were made public. First it was rumored that Frank Swaelen would be defense minister. However, the portfolio went to former CVP National Secretary Leo Delcroix, a freshly named senator. Another last-minute surprise was the nomination of André Bourgeois, not Stefaan De Clerck, as minister of agriculture. Perhaps, the greatest surprise was Mrs. Mieke Offeciers who was chosen for the budget portfolio. Offeciers, director at the Flemish Economic Association (VEV) was unknown to most CVP party militants. Miet Smet was promoted to the position of labor minister.

There were less surprises in the other majority parties. Philippe Moureaux, the leading PS minister in the previous cabinet who had said on earlier occasions that he wanted to concentrate on municipal politics, stayed in the cabinet as social affairs minister, and Defense Minister Guy Coëme moved up in the hierarchy to become vice premier and communications minister in charge of public enterprises. Party rebel Jean-Maurice Dehousse returned to the front benches and this was generally seen as a sign that PS party leadership wanted to make peace with its Walloon nationalist wing. Robert Urbain stayed as foreign trade minister. Another, expected, newcomer was Mrs. Laurette Onkelinx as public health minister. Melchior Wathélet remained vice premier for the PSC and obtained the economic affairs portfolio, while Philippe Maystadt stayed at the finance department. As for the SP, Louis Tobback kept the interior department, Willy Claes moved to the foreign affairs department, Freddy Willockx returned to the government benches as pension minister and Eric Derycke, the only secretary of state in the new cabinet, became in charge of the development cooperation department. While PS, SP and PSC had delegated leading politicians to the cabinet, the CVP had opted for outsiders. The new ministers were sworn in March 7. On March 11, the new cabinet won a vote of confidence in the Chamber by 118 - 82 margin, and two days later the Senate adopted a motion of confidence by 102 to 65 votes, with 3 members abstaining.

1.3. *The community-to-community talks*

1.3.1. *A difficult start*

As agreed on among the four parties, all pending constitutional issues were referred to direct talks between Francophone and Flemish politicians outside

the cabinet framework. From the outset on, however, there was disagreement on whom would chair these talks. Some favored Dehaene himself, while others opted for someone outside the cabinet. Dual chairmanship of one Francophone and one Fleming was widely accepted as being a good idea. On the Flemish side, the dialogue was actively prepared by a steering group composed of the regional ministers Van den Brande, De Batselier and Sauwens and party presidents Van Rompuy (CVP), Vandenbroucke (SP) and Gabriels (VU). These meetings resulted in the drafting of a ten-point platform which was based on a resolution which had been adopted by the Flemish Council (legislature) in October 1991. It called for the direct election of the regional legislatures, more responsibilities devolved to the regional bodies, treaty-making powers for regions and communities, no interference on the territory of the other region and/or community, splitting of the bi-lingual Brabant province and the Brussels electoral district, reapportionment of the Euro-Parliament seats, parliamentary reform and reduction of the social security transfers from Flanders to Wallonia.

On March 23, the parties reached agreement on the shape of the talks including the fact that PSC Party President Gerard Deprez and former VU minister Hugo Schiltz would jointly chair them. The Prime Minister, it was agreed on, would participate in the talks on behalf of the federal government. When the talks started April 6, there was turmoil in the Parliament building. Not invited to join, Vlaams Blok and Rossem politicians tried to force their way into the meeting but they were forcefully kept out. The Flemish Liberals declined the invitation in protest against the decision of the French Community government to levy a tax on TV cable networks and TV antennas which would hit Brussels Flemings as well. Constitutional experts and Flemish politicians argued that the French Community had no authority to levy such taxes in Brussels. After negotiations with the federal government, the French Community agreed not to go ahead with this tax plans. Had the French Community government refused to oblige, the community-to-community dialogue would have ended prematurely.

The matter was later settled in way that for both the levying of the tax and awarding of the receipts a 80/20 ratio would be applied for the French and Flemish communities of Brussels. After having reached this compromise, the Flemish Liberals accepted to join the talks.

Another major obstacle facing the negotiators was the privileges of Francophones living in Fourons and in the Brussels periphery. Most Francophone parties wanted to grant these Francophones representation in the Francophone legislatures and governments. The Flemish parties retaliated by demanding a discussion of the social security transfers from Flanders to Wallonia.

1.3.2. Neither an agreement nor a complete failure

The negotiators rapidly agreed on separate and direct elections for the members of the federal and regional legislatures. The Francophones demanded linkage of the federal government grants to the GNP growth rate, but the Flemish parties argued that the federal government had no means to finance such a linkage. Upon request of the Green parties, a working group studied the feasibility of an eco-tax in order to finance environment protection schemes. There were plans to award the receipts of this tax to the regions. It was suggested that by acquiring more funds, the Walloon Region would be in a position to help addressing the financial problems of the Francophone schools. Yet other parties saw this eco-tax merely as a means to win Green support for the constitutional reform package. In the meantime, significant progress was being made on this issue of

treaty-making power for the regions and communities. By June 22, Schiltz and Deprez managed to draft a report listing the issues which would be the subject of further negotiations: direct election of the regional assemblies, extension of the responsibilities of the regions, the possibility of transferring responsibilities from the communities to the regions, allocation of residual competencies, the splitting of the Brabant province, the communities obtaining the authority to levy taxes and the eco-tax issue.

When the negotiations started for real, the two Liberal parties and the Brussels-based Francophone Democratic Front (FDF) pulled out, but this came as no surprise. From that moment on, rapid progress was being made until July 9, when the press reported that the PS was exploring ways of granting representation in the new Senate and in the Walloon regional government to Francophone politicians living in Flanders. The Flemish parties countered by approving in the Flemish Council a resolution in which this possibility was ruled out. The resolution was adopted by a CVP, VU, PVV and Vlaams Blok majority. The very same day, the French Community Council adopted a resolution calling for the protection of the individual rights of Francophones living in the Brussels periphery. This tit for tat impacted negatively on the ongoing negotiations. On July 10, the co-chairmen of the community dialogue announced that the negotiators had failed to reach an overall agreement but that, nevertheless, a consensus had been reached on awarding treaty-making power to regions and communities, on a transfer of environment protection and tourism responsibilities to the regions and on levying an eco-tax. The parties involved in the negotiations agreed that they, rather than the cabinet, would submit bills to Parliament in order to enact the agreement.

In fact, progress had been made on many more issues, but, according to PSC President Gérard Deprez, the talks had broken down over Fourons ex-mayor José Happart, the champion of Walloon nationalism. Happart had the intention of becoming a minister of the Walloon regional government, but the Flemish parties had indicated that he would only be allowed to take up this ministerial portfolio provided he moved out of Fourons, a municipality located in Flanders. However, the PS had been unwilling to make such a commitment.

Commenting on this first session of talks, co-chairman Hugo Schiltz said that there now was a significant new trend in Francophone Belgium with a growing number of politicians viewing the Walloon region as a political body in charge of handling not only regional economic matters, but educational matters as well. All participants agreed to continue the talks in the fall. Moreover, the majority parties agreed to keep the financial problems of the French Community outside the scope of the upcoming 1993 budget talks.

1.3.3. Resumption of the community-to-community dialogue

Early September, Prime Minister Dehaene said that before the 1992-93 parliamentary session which was scheduled to start the second week of October, an agreement had to be reached on adjustment of the freshly drafted 1993 budget and on the pending constitutional reform agenda. Earlier PS President Busquin had made declarations indicating that his party was willing to resume the negotiations. He and other PS leader said that they wanted a reinforcement of the Walloon region which would be realized at the detriment of the French Community. The final stage of the negotiations started September 21. An overall agreement was reached September 29 between the four majority party presidents,

but the Volksunie and the two Green parties had been indirectly involved in the negotiations.

The agreement contained :

- Acknowledgment that Belgium is a federal state.
- Federal loyalty maintained through special role for the Senate and enhanced consultation between federal and regional governments.
- Reform of the bi-cameral parliamentary system and reform of the electoral code. A Chamber composed of 150 members and a Senate composed of 71 members: 25 directly elected Flemish members and 15 directly elected Francophone members, 10 representatives from the Flemish Council, 10 from the French Council and 1 from the German-language Council. The Chamber of Representatives becomes the political chamber while the Senate will deal with long-term issues.
- Provisos to obtain greater government stability.
- Extension of Parliament's role in a governmental crisis.
- Ministers will have to resign as member of Parliament, and their number in the national government is limited to 15.
- Amendment of the rules on indictment of federal and regional ministers.
- Separate and direct election for the members of the regional and community legislative assemblies (Councils).
- Greater constitutional autonomy for the regional and community councils with respect to their election codes, their number of seats, and statutory requirements imposed on their members.
- Limited extension of the jurisdiction of regions and communities with regard to municipal assistance commissions, environment, water policy some aspects of agricultural policy, foreign trade and science policy.
- Treaty-making power for communities and regions.
- A mechanism put into place to allow future transfer(s) of responsibilities from the French Community to the Walloon Region and the French Community Commission (COCOF) of the Brussels Capital Region.
To that effect, the possibility is created for the Brussels Region to transfer budget allocations to the community commissions.
The COCOF obtains the power to issue decrees.
- Allocation of the residual powers to the regions and/or communities (in the future).
- Allocation of a greater share of the income tax to regions and communities.
- A federal eco-tax will be levied and its receipts will be allocated to the regions enabling them to finance environment protection policies.
The Radio and TV tax receipts are transferred to the communities and become a community tax.
The regions obtain the authority to levy a tax on water and waste.
- Several adjustments to the Brussels Capital institutions.
- Regions and Communities can impose penal sanctions on violation of decrees.
- Recognition of non-religious ethics on the same footing as recognized religions.
- More openness of the bureaucracy.
- The Council of State incorporated into the constitution.
- Rewording of the role of the Audit Court.
- Reapportionment of the Belgian seats in the European Parliament; the Flemings obtaining 14 seats and the Francophones 10.
- Reorganization of the Constitution's chapters and language update.

- Splitting of the Brabant province into Flemish Brabant and Walloon Brabant provinces.
- Amendments to the municipal code as a result of the controlling authority transfer from the national to the regional governments.
- Adjustments to the complaints procedure with regard to the rules governing the use of languages in public administration in the Brussels metropolitan area and in the municipalities with special language status.

1.3.4. *The eco-tax issue*

Prime Minister Dehaene needed support from the opposition benches to get his constitutional reform package adopted by Parliament. The two Green parties were willing to supply the needed additional votes to attain the required two-thirds majority provided the cabinet imposed a special tax on unrecyclable packing and commodities (e.g. batteries). The Belgian Business Federation, the chemical industry and the chemical workers unions led an energetic campaign against the eco-tax, arguing that implementation would mean job losses and, through the cost-of-living linkage, impact negatively on inflation.

The agreement reached between the majority parties and the two Green parties was adjusted several times to meet some of the concerns of the chemical industry. In the end, implementation of the deal was delayed by one year. In the process, the cabinet promised the unions not to tamper with cost-of-living computation and wage linkage.

2. The Belgian economy

2.1. *The recession dashes hopes*

During the first quarter of 1992, the Belgian economy performed better than during 1991, but from the second quarter on, the recession in Germany impacted heavily on the Belgian economy. The growth of Belgian export dropped from 3.1 percent in 1991 to 0.6 percent in 1992. Because of this slow down, the overall growth of the Belgian economy in 1992 was a mere 0.8 percent, compared to 1.9 percent in 1991. Private consumption grew by 2.2 percent which is hardly less than the preceding year. This sustained growth was due to the lowering of a number of VAT tariffs and a rapid growth of capital income. Because of the motor show, car sales were up during the first half of the year, but plummeted during the second half.

Because of lower mortgage rates, demand for new homes increased by 9 percent. Although households did increase their debt ratio in 1992, a total household debt ratio of 38 percent of disposable income compared favorably by international standards. Productive investment dropped by 2 percent, and by 5 percent in manufacturing industry. Only in the motor car assembly industry were substantial investments made. Leaving aside investment in this sector, productive investment in manufacturing industries dropped by 10 percent in 1992. Because of the austerity measures, public spending grew by a mere 0.1 percent, public investment growth dropping by 0.5 percent.

2.2. *A stable Belgian franc*

In the fall of 1992 the Belgian franc weathered very well the storms on the foreign exchange markets. Ever since the reorientation of monetary policy mid-

1990, the Belgian franc belonged to the hard-core of the European Monetary System (EMS). Moreover, short term interest rates in 1992 were on average equal to the equivalent German rates while the long-term interest differential with Germany continued to decline.

2.3. Inflation

Inflation dropped from an annual average of 3.2 percent in 1991 to 2.4 percent in 1992. This was largely due to a strong Belgian currency which caused a 1.5 percent drop in the cost of imported goods. Excluding oil products, the inflation rate was 2.8 percent. Price of house rents (plus 6 percent) and services exceeded average growth. The growth rate of commodities was lower than during the previous year and food prices went actually down by 0.1 percent. Because of a strong currency, Belgium's inflation rate compared very well with the 4 percent registered in Germany and the 3.7 percent in The Netherlands.

2.4. Wages and salaries

Unit labor costs went up by 4.4 percent in 1992 compared to 4.7 percent for the previous year. During the 1987-92 period, nominal wage costs increased at an average annual rate of 4.4 percent. With productivity gains of 2.4 percent, growth of nominal unit labor costs was therefore limited to an annual average of 2 percent. Automatic adjustment to the cost-of-living caused a 2.6 percent of the wage rises in 1992. This is slightly above the inflation rate and due to the way linkage is operated. Collective bargaining agreements contributed for another 2 to 2.5 percent. Compensation beyond contract provisions hardly affected the wage rises of 1992. Labor costs were also affected by a 0.2 rise of the employers' contribution to the social security system. Taking into account currency differentials, unit labor costs rises remained under European average. However, because of the depreciation of the dollar and yen compared to the Belgian franc, Belgium's competitive position vis-à-vis the United States and Japan deteriorated.

The employers' social security contribution for blue-collars amounted to 30.9 percent of gross wages. Together with related social security charges the total contribution was approximately 40 percent, pending on the size of the enterprise. For white-collars the social security contribution amounted to 24.9 percent. With related charges, the employers contribution was 34 percent. Payroll taxes born by the employees amounted to 13.07 percent of gross wage for the two categories. Adding the end-of-the-year bonus and the many other costs born by the employers, a gross blue-collar wage of BF 100, cost BF 186.48. For white-collars the cost was BF 179.15. For every BF 100 paid out, the employees' income after social security withholdings but before taxes was BF 83.7. The employees' net pay after taxes was BF 62.7. Weighed against time actually worked, total labor costs for 1993 were 91.43 percent of the gross wage for blue-collars and 84.17 percent for white-collars.

2.5. The Labor market

2.5.1. Record unemployment level

During the 1985-90 period, restored profitability led to investment and job creation. During that period some 150.000 full-time jobs were created. In 1992,

however, there was a net job loss of 19.000. Like during previous years, most jobs were lost in industry, but this was no longer matched by job creation in the merchant trade and services sectors. When in 1991 the first effects of the economic slowdown were felt, employers tended to put workers on temporary unemployment – a system which allows workers to draw unemployment compensation while remaining under contract. Because of the recession, workers were actually laid off in 1992. Meanwhile the number of workers on a part-time job continued to grow, but less rapidly than during previous years. There was only a small reduction in public service jobs.

In 1992, the labor force grew by 25.000. There was no significant rise in the population of working age, but less workers decided to opt out of the labor market via pension or early pension schemes. There were also less unemployed opting for the temporary employment scheme.

With the labor force growing and less jobs available, the net result was a significant unemployment rise. After having hit a record low 10.1 percent in 1990, unemployment was on the rise again. According to seasonally adjusted figures, annual average unemployment was 12 percent, 9 percent for men and 16.7 percent for women. EC figures measuring job hunters rather than those drawing compensation, registered an unemployment rise from 7.5 percent in 1991 to 8.2 percent in 1992, with male unemployment (5.5 percent) under EC average and female unemployment (12.2 percent) above EC average. These were the highest percentages recorded in five years. At the end of the year there were 438.948 fully compensated unemployed, or 14.5 percent more than twelve months earlier. Regional differences remained significant with 10.4 unemployment in Flanders, 20.6 percent in Wallonia and 19.7 percent in the Brussels capital region. However, unemployment was growing more rapidly in Flanders than in the other two regions. Metal construction and shipbuilding (7.300 jobs lost in 1992), civil construction and services were the sectors which contributed most to this dramatic rise in unemployment. In 1992, some 5.115 enterprises went bankrupt, 16 percent more than during the previous year.

At the end of 1992, on top of the 438.948 fully compensated unemployed, other categories drawing compensation included the older unemployed (75.000), those on early retirement (140.000), temporarily unemployed (55.000), unemployed opting for temporary jobs (185.000), employees who have interrupted their professional careers (57.000). Together, with the unemployed on public employment programs, all these categories amounted to some 1.000.000 drawing compensation; i.e. about 25 percent of the private sector labor force.

2.5.2. The government's employment policy

There was a growing consensus in Belgium that throwing older workers out of the market had reached its limits. With only 25.4 percent still at work, Belgium has a record number of inactive people in the 55-65 age group.

Implementing a proviso of the 1991-92 national collective bargaining agreement, Labor Minister Miet Smet reached an agreement with labor and management on making the early pension system less attractive. The qualifying age was to be gradually raised to 58 by 1996. Departures for employees from enterprises facing bankruptcy or similar hardship conditions were maintained. The minister also enacted measures to ensure that persons on an early pension do no moonlighting. These early pension measures were scheduled to yield BF 9.5 billion savings during the 1993-96 period.

Minister Smet launched an ambitious plan for the individual screening and training of long-term unemployed. It took her many months before she managed to square a deal with the regional and community governments which have exclusive responsibility over the vocational training domain. Finally, on September 22, she and the regional ministers in charge of employment signed the long-awaited deal. The agreement provides with individual monitoring of long-term unemployed. This screening is compulsory for unemployed under age 46 and who are on the rolls for over 9 months. Refusal to cooperate can lead to entitlement disqualification.

With regard to article 80 (formerly art. 143) of the unemployment compensation code which allows the authorities to review the records of long-term unemployed, a new system was put in place aimed at making unemployed losing their compensation entitlement more rapidly after completion of the vetting period. In 1992 some 56.000 unemployed lost their compensation entitlement.

Moreover, being registered as 'no longer available for the labor market' was made less attractive. While it remained possible to opt for this system on social and family grounds and that for up to five consecutive years, the monthly allocation was reduced from the second year on.

According to Minister Smet, all her decisions meant BF 36 billion savings between 1993 and 1996.

In its report on Belgium, the OECD pleaded for reducing the cost of unemployment compensation. The report stated that this could be achieved by limiting compensation in time and also by reducing compensation paid to long-term unemployed. Pointing to her own saving plans, Minister Smet argued against the OECD remedies. She said that limiting unemployment compensation might indeed save BF 8 billion annually, but that this would force the municipal assistance commissions to spend an extra 5.5 billion on those thrown out of the social security system.

There was also concern in government circles about the effect the planned abolishment of conscription would have in 1994. Experts said this measure might result in another 27.000 unemployed in 1994. Defense Minister Delcroix pleaded with local authorities for discrimination in favor of laid off military to fill vacancies.

The Catholic Trade Union Confederation ACV/CSC pleaded for 30.000 new jobs in the non-profit sector requiring BF 40 billion injection into the economy. The Socialist Trade Union Confederation ABVV/FGTB pleaded for public investments in all sectors and for raising the required funds through new taxes. The two confederations dusted off their old work sharing and part-time job proposals. Some suggested a 36-hour/four-day workweek. The two unions also pointed at limiting overtime as a way to generate new jobs.

2.6. Working Conditions

2.6.1. Women and night shifts

In February 1992, Labor Minister Miet Smet announced that Belgium would rescind ILO Convention 89 prohibiting night shifts for women in industry because it was against EC directives on equal treatment of men and women. Belgian law prohibits night shifts for both men and women, but the labor minister has the authority to grant waivers provided agreement is reached after joint labor-

management consultation. The prevailing practise in Belgium is that when male workers are concerned, demands for night shift are granted by the minister and that demands concerning women are disallowed except for the service sector: i.e. for the medical sector, bars, restaurants, hotels, show business, journalists, educators and for supervising jobs in industry. In the public sector, similar waivers are granted to supervisors, magistrates, employees at the public radio and TV networks and to telephone operators.

The Belgian Business Federation (VBO/FEB) pleaded for lifting the ban for both men and women, but this met opposition from the unions. The latter pleaded for ratification of ILO convention 171 which provides for better protection of workers on night shifts. The unions and the National Women's Council wanted to preserve the ban, provided the necessary departures were granted, but they were under mounting pressure from women who wanted the better paid night shift jobs.

In order not to obstruct the national contract talks, Labor Minister Smet was forced to concede that she would submit her bill on night shifts only after having obtained the go-ahead from labor and management. This proviso was incorporated into the text of the national bargaining contract, rendering the minister hamstrung. Observers saw this concession as a major defeat for Smet, shedding light on the limits of a labor minister's power in Belgium.

2.6.2. *Sexual Harassment*

Another issue which divided the minister and the unions was sexual harassment at the workplace. Initially, labor and management had agreed in the National Labor Council on a set of 'preventive measures'. Despite the unanimous advice of the Council, Minister Smet decided to go ahead with her own plans and in the fall she issued a Royal Decree dealing with the matter. Through the Royal Decree, the minister charged the enterprises to appoint a person in charge of hearing complaints. The shop rules would also have to list sanctions in case of sexual harassment. Especially management was upset about this single-handed initiative of the minister. Early 1993, it occurred that not all enterprises had yet complied with the ministerial directives.

3. Social Security

3.1. *Financing problems*

In real terms, social security expenditures rose by 4.1 percent in 1992. Of all categories, health care cost rose most sharply, i.e. at annual rate of 6.7 percent. Outlays for pensions grew by 4 percent, while unemployment compensation expenditures grew by 3.8 percent. Belgium's social security budget for wage and salary earners amounted to BF 1.200 billion. The government's annual contribution was frozen to BF 192 billion, as it was for the entire 1991-95 period. This nominal ceiling meant that the government's contribution was diminishing every year at a moment costs are soaring. As higher payroll taxes were out of the question, the cabinet was forced to apply some 'accounting tricks' – e.g. forcing employers to pay in advance 30 in lieu of 25 percent of payroll taxes – to keep the books more or less in balance. Those who advocated substantial cuts in social security benefits met strong opposition from the Socialist majority parties and the unions.

3.2. Health care

In Belgium, mutual aid societies and professional organizations representing physicians bargain annually on fees and reimbursement tariffs. As the income of both sides depends on a high turnover, this system has led to over-consumption. Moreover, hospitals draw their revenue from subsidies paid out by the health insurance system pro rata the number of hospitalized patients, and they too need a high turnover to balance the books. Like his predecessors, Social Welfare Minister Moureaux, a Francophone Socialist (PS), made attempts at keeping consumption down. During the 1992 budget review, he imposed a first batch of restrictions (BF 13.5 billion). In subsequent adjustments, the Minister slashed BF 6 billion in August and another BF 4 billion in September. These cuts, limited in scope, did not meet great resistance. However, when later during the year Moureaux submitted a draft bill reorganizing the health insurance system, there was great agitation in the health care world. The minister proposed the creation of a general council composed of the government, trade unions, the business world, physicians and hospitals, which task it would be to set annually overall spending limits. Moreover, the bill contained measures to make mutual aid societies more responsible for the financial management of their businesses. For the physicians this was a giant step in the direction of state-directed health care and, consequently, unacceptable to them. A heavily indebted Socialist mutual aid society (estimates ran between BF 50 and 55 billion) had no other choice but endorsing the scheme, but its Catholic counterpart (CM) was much more critical. The powerful CM resented its role in the decision-making process being diminished, and it put pressure on the Christian Democratic parties in an attempt to delay Moureaux's reform plans. Moureaux had to go as far as submitting his resignation before the two Christian Democratic parties were willing to endorse his plans. Moureaux's bill increased the mutual aid societies' liability with regard to the management of their resources. However, the opposition parties alleged that, while imposing greater liability for the future, Minister Moureaux was actually bailing out the Socialist mutual aid society. Other elements of Moureaux's plan were the extension of the hospitals' control over what physicians charge, and plans to cut the rapidly increasing number of medical students.

The annual discussions between physicians and mutual aid societies on fees and tariffs broke down, upon which Minister Moureaux single-handedly proposed to raise fees by 6 percent. However, a majority of Belgium's 32,000 physicians turned down the minister's tariffs, forcing the minister to resume talks.

During the summer of 1992, the nurses went on strike for the 6 percent wage rises and two additional vacation days promised under the previous cabinet. However, the hospitals often lacked financial resources to honor these commitments.

3.3. Poverty

Despite a comprehensive social security system, the number of persons drawing minimum income increased from 48,602 in 1987 to 53,356 in 1992. It are persons who have no gainful income of any sort and have to apply for this minimum income with the municipal assistance commissions. Heads of family receive a minimum income of BF 25,471 per month, single persons qualify for BF 19,103. The Dehaene cabinet submitted a bill containing a number of measures helping the municipalities to deal with growing number of poor applying for minimum income. The bill came as a response to the 1991 general elections which had clearly demonstrated that in larger cities, a growing number of el-

derly and poor, facing hardship conditions and a rapid influx of immigrants, had voted for ultra-right parties, in particular for the Vlaams Blok in Antwerp. The bill abolished 1891 vagrancy act which allowed the authorities to incarcerate vagrants. The new bill gave municipal authorities additional financial means to deal with the inmates leaving these special institutions for vagrants. The bill also aimed at dealing with a growing number of youngsters (between ages 18 and 21) who are without means of existence, and it tried to ensure that youngsters, while drawing benefits, continue to look out for a job.

4. Labor and the Government

4.1. *The European framework*

The Dehaene cabinet was the first Belgian government in history to restrict its freedom of action for the benefit of achieving integration into the European Monetary Union (EMU), a goal set by a supra-national body. Moreover, the new cabinet explicitly stated that the Belgian franc would remain linked to the D-mark. The four parties acknowledged that social security could not be exempted from the austerity effort. Moreover, the government's platform stated that social security regulations had to be implemented the same way all over the country, acknowledging that there were 'regional differences' in social security consumption between Flanders and Wallonia.

For the unions, reducing the budget deficit to 3 percent of GDP by 1996, as requested by the EC, would lead to an outright onslaught on the social security system and to dismantlement of the bureaucracy and public service employment. They pleaded for spreading the austerity effort over a longer period, adding that politicians should have the courage to tell the population that levying new taxes was becoming inescapable. The focus of the unions was on employment. The unions stated that they were categorically opposed to such drastic measures as not disbursing to wage and salary earners one cost-of-living pay adjustment, a technique used in the eighties. The unions also argued that the authorities had saddled the social security system with many new tasks not directly related to the system, and that before touching to "basic rights", these extra burdens had to be removed.

4.2. *Not much action on the budget*

The first decision of the new Dehaene cabinet was, as requested by the EC, a rearrangement of the VAT tariffs. This decision was followed by an adjustment of the 1992 budget. BF 80 billion in cuts and new taxes were enacted to forestall a further deterioration of the budgetary situation and to keep the deficit at 5.7 percent of GNP. The new taxes included higher social security contributions borne by wage and salary earners and their employers. Among the savings announced by the new cabinet was a reduction this scope of the system which enables unemployed to take up part-time jobs.

Hard pressed by the National Bank, Prime Minister Dehaene announced that 1993 would be a year of dramatic decisions in order to reduce the deficit to the planned 5.2 percent of GNP. Dehaene said he personally was in favor of a more stringent effort reducing the deficit to 4.9 percent, which he called the '1993 Plus' plan. However, preliminary talks between Christian Democrats and Socialists soon revealed that pursuing the '1993 Plus' goal was unrealistic. National

Bank Governor Verplaetse had hinted at the possibility of skipping one cost-of-living adjustment of wages and salaries, but this was rapidly discarded by the Prime Minister as being too controversial.

As requested by the Maastricht Treaty, Belgium submitted to the EC its 'convergence plan' in which the cabinet laid out its ways of compressing the budget deficit to 3 percent by 1996. The action plan called for a real term increase in primary expenditures, for tax returns growing at the rate of economic growth and for a balanced social security system without higher governmental subsidies.

When the 1993 budget was drafted in the summer, the ministers settled for non-controversial measures, and in the process they raised taxes again. The measures included:

- No cost-of-living adjustment of the income tax brackets in 1993 and 1994.
- Cuts in tax rebates for certain types of private pension schemes.
- Higher excise duties.
- Cuts in social security payroll tax rebates for new jobs in industry (Maribel).
- A compulsory vocational training plan for long-term unemployed under age 46.
- Raising the minimum age for early pension entitlement.
- Tightening of rules governing disqualification of unemployment compensation.
- Reform of the health insurance organization and reduction of the subsidies paid to the mutual aid societies for window services.
- Patients to pay higher personal contribution for hospitalization and drugs.
- Limitation of laboratory test refunds.

The two trade union confederations were opposed to the cabinet's tax measures because, they argued, wage and salary earners were once again called to make the biggest effort. As soon as this budget was made public, Defense Minister Leo Delcroix, speaking for the Flemish Christian Democratic Party (CVP), said that the cabinet had failed to implement the inescapable austerity measures. Coming under pressure from his own party, Prime Minister Dehaene was forced to commit himself to an adjustment of the budget which, in light of a rapidly deteriorating economic situation and rising interest rates, was something the Socialist coalition parties could not object to. When in September the majority parties reached agreement on another constitutional reform package, this was the occasion to make a first adjustment to the freshly drafted 1993 budget. Had these additional measures not been taken, Dehaene's own party might have withdrawn its support.

After having adjusted its national accounts to EC standards, the 1992 deficit rose to 6.9 percent of GDP. This was a 0.2 percent rise compared to the previous year, but which compared favorably with an EC average rise of 0.8 percent.

5. Industrial relations and collective bargaining

5.1. Sustained collaboration

During the spring and summer, the two confederations tried very hard to show unity in actions for the unemployed taking part in a rally on immigration and by issuing a joint memorandum when the 1993 budget was drafted. On the eve of the national bargaining, the two confederations not only produced a joint me-

morandum, but, together with the Liberal ACLVB/CGSLB, they staged strikes and demonstrations in order to put pressure on the employers. These actions were also directed against some of the cabinet's budget measures. They were widespread in Wallonia's metal sector, but received lukewarm support in other parts of the country. On this occasion, the Belgian Business Federation warned against what it termed as the return of 'political' strikes.

5.2. *Labor disputes*

On Juli 1, Campbell's Delacre Vilvoorde subsidiary closed its doors making 600 workers redundant. When the Campbell management announced plans to close the Vilvoorde subsidiary and transfer activities to another Belgian subsidiary, the workers went on strike. Management offered supplementary compensation on top of the compulsory notice pay for those who would opt not to participate in the strike, but local shop stewards refused any deal other than new investments in Vilvoorde. As the stalemate was complete, management decided on immediate closure. There was unease in the national union headquarters about stubbornness of local shop stewards, but these national headquarters declined to intervene. Local union leaders went as far as calling for a national boycott of Campbell products in Belgium, but this call made no impact.

In September Boelwerf, Belgium's last shipyard, filed a bankruptcy claim. The yard was already for 49 percent under control of the Flemish regional government and employed 1.850 workers. The unions decided on an occupation of the yard. On October 28, the court accepted the bankruptcy. Early 1993, the Flemish regional government found private investors willing to join its efforts at starting up a new shipyard with a heavily reduced workforce.

Breaking new ground was a settlement reached at Forges de Clabecq steelworks. At the end of a bitter labor dispute, the workers agreed to lend 10 percent of their wages as a mortgage loan contracted with the company.

The Socialist white-collar Union BBTK/SETCA attempted to strike the Delhaize supermarkets in a show of solidarity with the American-based UFCW union which was involved in disputes with Delhaize's American subsidiary Food Lion over recognition and overtime. The attempt was a complete failure, but the threat caused damage to Delhaize on the share market.

At Sherwood Medical owned by SCIMED, two female shop stewards laid off in due form in the summer of 1992, were still camping outside the premises early 1993 in order to obtain reinstatement. National union leaders said that despite better protection provided under the 1991 bill, shop stewards remained vulnerable.

6. The national collective bargaining agreement

6.1. *The cabinet agrees not to interfere*

In the fall, labor and management started talks on the 1993-94 national collective bargaining contract for the 2.2 million employees of the private sector. Every two years, these negotiations are an important moment in labor relations and involve not only the three major trade union confederations and the Belgian Business Federation (VBO/FEB), but also two organizations representing small businesses and shop keepers and the Farmers Union (Boerenbond). VBO/

FEB Managing-Director Vandeputte fired the first shot by declaring that because of the cabinet's decision to cut employers' social security payroll tax rebates for blue-collar workers (Maribel) by 50 percent there was no room left for granting nationwide benefits to the workers. (Maribel means an annual BF 15 billion reduction in labor costs on BF 800 billion blue-collar wages paid out. When the 1993 budget was drafted the cabinet had decided to trim this annual benefit to 7.5 billion). Some observers said Vandeputte's move was evidence that FEB/VBO itself was in a difficult position since some of its affiliates, e.g. the powerful association of metal industries (Fabrimetal), had pleaded against a national contract creating more elbow room for negotiations at sector-level. Fearing that the managers would refuse to show up, the unions started a series of actions, demonstrations and strikes and there was public pressure from the cabinet as well. Urging both sides to set aside their differences, cabinet ministers said that reaching such an agreement would be a powerful message about Belgium remaining a safe haven for investment, and about Belgium's commitment to the EMU goals. After some exploratory meetings, real negotiations got under way in November and an agreement was reached on the 20th of that month.

6.2. *Content of the 1993-94 agreement*

Decisions reached between labor and management :

- A BF 500 rise of the monthly minimum wage to BF 41.645 as of September 1, 1993, but only for workers aged 22 who have at least one year on the job. (Separate minimum wage rates are applicable for workers under age 22 and under age 21).
- In 1993 and 1994 the companies will allocate 0.25 percent of total gross wages to 'employment initiatives.' (This is a continuation of the previous national agreement). Of this 0.25 percent, 0.10 percent will be allocated to government's own training of long-term unemployed scheme, while the remainder is to be decided on at branch level between labor and management. Companies not coming under such branch-level program will have to donate the remaining 0.15 percent to the Employment Fund.
- In 1993, BF 1 billion of the Employment Fund will be used for day care, providing young mothers more opportunities on the labor market. The resources are supplied by the Employment fund.
- Continuation of the negotiations in the National labor Council on part-time early pension for elderly workers.
- Continuation of the talks in the National Labor Council career interruption. Currently, career interruption is limited to five years, period during which the worker receives an unemployment compensation of BF 11.000 per month. Contrary to the public sector where employees have free choice, in the private sector a worker only becomes eligible after agreement of his employer. This discrepancy will be lifted.
- Unemployment compensation for elderly unemployed will be increased. As of April 1, 1993 unemployed over 55 will obtain 60 percent of what they earned upon becoming unemployed (reference wage). In order to finance this compensation, companies will pay a higher payroll contribution.
- The vacation bonus for blue-collar workers computed in such way that sickness and maternity will no longer have a negative effect on the amount. Moreover, the vacation bonus was upgraded by an amount which corresponds to one day pay. This was the continuation of a measure agreed on under the previous agreement.

- More white-collar workers entitled for refund of their public transportation costs. The ceiling for entitlement was upgraded from a gross annual wage of BF 900.000 to 1.2 million. (There is no wage ceiling for blue-collar workers).

The agreement also contained a set of recommendations to the cabinet:

- Labor and management recommended to lift the employers' obligation to hire trainees in order to allow companies to participate more effectively in the other employment programs.
- They proposed positive discrimination regarding the hiring of women.
- They proposed reduction of the employers' contribution to the Fund for Plant Closings.
- They proposed allowing the joint labor-management committees to conclude collective bargaining agreements on overtime (65 hours annually per worker paid at 150 percent but for which no compensatory time is granted).
- They proposed to extend coercive measures against moonlighting.
- They proposed allowing labor and management to reach branch-level agreements on night shifts for women, with no further government intervention in this field.
- They proposed reducing the scope of educational leave of absence and a simplification of the rules governing part-time work.

6.3. Features of the agreement

Having virtually no room for additional benefits, both labor and business concentrated on continuing provisos of the previous agreement, in the meantime making recommendations to the government. Labor and management also urged the government to refrain from measures which might cause a rise in labor costs. New was the ABVV/FGTB insistence on obtaining extra means for day care. Since day care institutions are mainly in Catholic hands, it was an initiative which caused some frustration in the Catholic confederation.

It was the first time in the history of these negotiations that the two sides agreed on such an elaborate set of recommendations to the government. In fact, labor and management presented to the cabinet the social and labor agenda for the coming two years. The agreement was also a clear message to Labor Minister Smet telling her to refrain from intervening on issues dealt by labor and management in the National Labor Council. The message focused in particular on night shifts for women. Both labor and management were saying to the minister that her bill, when submitted, would have to be in line with what labor and management had agreed on among themselves.

It was a message well-understood by the cabinet, the latter giving assurances about keeping labor costs down while taking immediate action – in the form of a draft bill – on the recommendations made by labor and management. In return, both labor and management agreed to formally plead with their affiliates to show moderation when bargaining at sector or plant level. However, the union leaders refused to commit themselves on establishing a ceiling on contracts which had to be negotiated at sector-level.

The small businesses and shop stewards were again successful in keeping the unions out of their shops and in forestalling a generalization of the 38-hour workweek.

6.4. Sector-level bargaining

Because of the economic recession, bargaining for the 1993-94 contracts started in a grimmer atmosphere than two years earlier.

In the oil refineries, blue-collar workers went on strike for a 35-hour workweek: i.e. a weekly reduction by 2 hours as a means to generate new jobs. The employers said that this demand, together with the requested pay raise, meant a 17 percent labor costs increase. After a strike which lasted two weeks, the workers agreed on a BF 7 hourly wage raise as of January 1 and another BF 3 on January 1, 1994.

The metal sector was the first to reach an agreement. Both sides agreed to postpone pay rises until 1994. During that year the workers will receive a 2 percent pay rise. On the issue of compensatory time, the employers had pleaded for non-compensatory overtime (i.e. *de facto* extension of the 38-hour workweek), but that was disallowed by the unions. The employers argued that the unions' refusal to consider non-compensatory overtime was in breach of the inter-industry agreement recommendations.

The gas and electricity workers obtained a 2.5 percent pay rise, spread over two years, and the longshoremen obtained 3 percent under similar conditions. In the sector of hotels and restaurant, the unions submitted demands which according to the employers would mean a 19 percent rise of labor costs.

There was strong division among the textile enterprises about a draft collective bargaining granting the workers an additional BF 7 per hour spread over a two-year period. Finally, all textile companies approved the deal after the unions had agreed to join their plea for restoring the Maribel benefits. However, on an earlier occasion Prime Minister Dehaene had already pointed out that enterprises should not expect any leniency from the cabinet were they to concede important wage increases.

A first assessment of the 1993-94 agreements revealed that many sectors had tried to stay within the limits recommended in the national agreement.

7. The unions

7.1. The Catholic Trade Union Confederation (ACV/CSC)

When in December the confederation was called to give its verdict on the inter-industry contract, the militant Francophone white-collar union CNE voted against, together with the confederation's Walloon branches of Charleroi and Nivelles. Other Walloon regional branches were divided. There were abstentions from the Francophone Teachers' Union and the Communication and Cultural Institutions Workers. Endorsed by the leading unions and all Flemish regional branches, at the end of the day 86 percent of the vote was in favor.

7.2. The Socialist Trade Union Confederation (ABVV/FGTB)

New men took over in some of the larger Socialist unions. Michel Nollet became president of the General Workers Union replacing Juan Fernandez who had reached retirement age. With 275.000 members, the General Workers Union is the largest union affiliated to the Socialist confederation. Upon becoming president, Nollet made it understood that he would challenge BBTK/SETCA's mono-

poly on organizing white-collars. Like the textile union (TACB/COTB) leaders, Nollet wants blue-collars and white-collar of one branch of industry organized in one single union.

Karel Boeykens, president of BBTK/SETCA reached retirement age and was replaced by the union's number two Christian Roland. On January 1, 1993, Roger Piton, president of the public service union ACOD/CGSP went on early retirement, he was replaced by Jacques Lorez the chairman of the telecom/aviation sector in the union.

Observers drew attention to the fact that all these newcomers were Walloons and that this might result in the whole confederation drifting towards a more confrontational approach. It was also noticed that the gap between the confederation and the two Socialist parties had continued to grow in 1992. This issue was raised at the Textile Workers Union (TACB/COTB) convention. Textile leaders argued that Socialists unions were not critical enough of relations with the two Socialists parties. The TACB/COTB leaders went as far as saying that the Socialist parties were not always in the business of defending wage and salary earners. René Piron, the new leader of the influential Liège regional branch of the metal workers, also advocated more restraint in dealings with the Socialist party leaders, especially in the Liège area where many local party bosses had been named in scandals.

Contrary to the ACV/CSC, in the Socialist confederation most opposition to the national bargaining agreement came from Flanders. The Ghent regional branch voted against the agreement while the Kortrijk branch abstained.

The Flemish wing of the confederation strongly endorsed the cabinet's plan to abolish conscription, but in lieu of the 40.000 volunteers the cabinet had in mind, the ABVV advocated a Belgian force of 10.000.

7.3. The Belgian Business Federation

In April 1992, Norbert Joris was appointed new VBO/FEB chairman, replacing Urbain Devoldere. Earlier Devoldere had been forced to give up the presidency of the Belgian subsidiaries of the Dutch electronics giant Philips. It were his misfortunes as a businessman which forced him to give up the VBO/FEB chair. Joris was chosen as an interim chairman, awaiting the selection of a new president scheduled to take place in the spring of 1993.

8. The political parties

8.1. A new party: The Flemish Liberals and Democrats (VLD)

By turning the Party for Freedom and Progress (PVV) into the Flemish Liberals and Democrats (VLD), party leader Guy Verhofstadt made the most spectacular political move of 1992 and made an important step in his quest of power. Verhofstadt had come to the conclusion that his party needed a complete overhaul after the November 24, 1991, general election which resulted in a success for his part but it was not decisively enough to topple the center-left cabinet. When after the election Verhofstadt was named government formateur and he had unsuccessfully tried to form a Liberal-Socialist coalition, he had come to the conclusion that unless he managed to surpass the Flemish Christian Democratic Party (CVP) in public support, he would continue to undergo political develop-

ments rather than command them. The idea of reaching out to the Flemish nationalist Volksunie dissenters came early 1992 when Christian Democrats and Socialists, despite the heavy losses they had suffered during the election, decided on going ahead with the forming of a Flemish regional government. This led to contacts with Verhofstadt and then Volksunie party president Jaak Gabriels. Verhofstadt first spoke publicly about his undertaking on March 31. Against Gabriels' own wish, the talks were soon called off by the Volksunie board. Especially Vic Anciaux and Paul Van Grembergen, two leading members of Parliament, openly challenged Gabriels. The Volksunie said that it favored realignment, but not based on existing parties. Gabriels was not eligible for another term as party president, and on June 13 the party council elected Bert Anciaux, son of Vic, as new party president. Anciaux made it clear that he would oppose any merger attempt between his party and the PVV. On August 24, Gabriels was evicted from the Volksunie and although this decision was confirmed by the party council in the fall, many militants in the party blamed the new leadership for dealing roughly with the former president.

Inside the PVV, especially from former minister Herman De Croo, there was some opposition to the idea of opening up the party, but Verhofstadt obtained the go-ahead from the party board on May 18. The first politicians to announce their decision to rally the new political party included Jaak Gabriels, former Volksunie minister André Geens and the party's political director Stefaan Ector. At a later stage, also Volksunie MP Hugo Coveliers joined.

Verhofstadt was less successful in winning Christian Democrats and Socialists. Of these two parties only a handful local politicians defected including former CVP MP Annemie Sierens. However, when, during the very days the new VLD was created (November 12-15), Flemish Socialist MP Pierre Chevalier decided to defect because of a personal conflict opposing him to national and local Socialists leaders, Verhofstadt scored a spectacular last-minute victory. At the convention during which the PVV was dissolved and replaced by the new VLD party, Verhofstadt explained that Christian Democrats and Socialists defended special interest groups. The new party, he pointed out, would defend the citizen against these special interest groups. He said he wanted the cabinet, not the unions and the Belgian Business Federation, to outline social-economic policy. Both the Liberal Trade Union Confederation (ACLVB/CGSLB) and the Liberal mutual aid societies were critical, but they failed to stop Verhofstadt in implementing his reorganization.

ACLVB/CGSLB president Willy Waldack had on an earlier occasion argued that since formal links between party and union had been severed back in the sixties, Verhofstadt was making a mistake by attacking his union. In a book he wrote for the occasion, Verhofstadt again alleged that the Socialist and Catholic trade union confederations had been instrumental in crippling his attempts, early 1992, at making a Liberal-Socialist cabinet which he would have headed. With respect to fundamental principles, Verhofstadt was unyielding toward the newcomers. At the convention, he successfully countered attempts by some who wanted to rename the party 'Liberal and Social'.

Verhofstadt argued that the word 'social' had been abused long enough by other parties and that the new party was going to be 'liberal' and nothing else. In return, he gave in on aspects which were less vital to him. The new platform called for 'an independent Flanders in a federal Belgium and a federal Europe', a sentence borrowed from the Volksunie platform. Another concession to the newcomers was the departure from the 'voluntary return of immigrants' stance

of the PVV to a policy of integration of immigrants. It was announced at the convention that the party was to elect a new president medio 1993.

8.2. In Flanders: the other parties assess the damage

After the 1991 general election defeat, the Flemish Socialist leadership was looking at ways to refurbish the party's image. President Vandenbroucke made moves against the power exercised by the party's largest local branches of Antwerp, Ghent and Mechelen. The general council was replaced by a council of branch presidents and secretaries, giving equal representation to larger and smaller branches alike. Moreover, it was decided that the party president would be elected by secret ballot. Vandenbroucke endorsed the creation of the 'Domino' group, which presented itself as a grouping of young and leading politicians who wanted an overhaul of the party's platform. The Domino group advocated a debate on issues hitherto taboo in the party, including privatization of public utilities and selective allocation of social security benefits.

Since the newly created VLD was aiming at taking over the CVP's central position in Belgian politics, the latter desperately tried to refurbish its platform and image. Earlier during the year, the CVP had been strongly divided over endorsing the Dehaene cabinet with only 61 percent of the convention in favor. In a paper assessing the damage, CVP research director Paul Martens had pointed out that the party was in the business of protecting special interests and exercising political patronage, rather than realizing the goals it had set out. Although privately many agreed with this analysis, not much action was taken by the party leadership. The new leaders included the freshly named Chamber and Senate floorleaders Deputy Johan Van Hecke and Senator Johan De Roo.

The Vlaams Blok which had realized a major breakthrough in the 1991 general election, presented its platform on immigration which called for steps towards the repatriation of non-European immigrants. The party platform also called for tightening the law governing naturalization. Legal experts alleged elements of the party's position violated the Universal Human Rights declaration. The Vlaams Blok's immigration platform was condemned in a resolution adopted by the Flemish legislative council.

In October, members of the Flemish libertarian Rossem party announced that they were leaving the party. They alleged that the party's controversial founder Jean-Pierre Van Rossem was not consulting with them on policy matters and that he was using party funds for personal use. In December, the Chamber lifted Van Rossem's parliamentary immunity to allow the court to indict Van Rossem in a case which opposed him to former Foreign Minister Eyskens and business tycoon Roger De Clerck. Van Rossem had alleged that, back in the eighties in implementation of a textile industries rescue plan, then Economic Affairs Minister Eyskens had funneled large sums of money to De Clerck's businesses.

8.3. The Francophone parties

After Guy Spitaels had opted to become minister-president of the Walloon regional government, the PS had to elect a new president. This happened at the party's January 25 convention. Former Social Welfare Minister Philippe Busquin ran unopposed. Falmy Féaux, another former minister, was elected chairman of the Walloon regional branches of the party.

After having made an unsuccessful try-out with dual party leadership between 1989 and 1992, the Francophone Liberal Party (PRL) adjusted its standing rules

to allow a return to one man leadership. On March 15, former Vice Premier Jean Gol was elected party president, position he had previously held between 1979 and 1981. Didier Reynders and Michele Detaille were elected vice-presidents and Jacques Simonet was elected to the position of political secretary.

Georges Clerfayt was re-elected as president of the Brussels-based Francophone Democratic Front (FDF), a party which he had been heading since 1984.

8.4. *The polls*

All along 1992, the majority parties did poorly in the voters' preference polls. In Flanders, both the CVP and SP remained significantly below their standings of the 1991 general election. In December 1992, the CVP was registered at 23.5 percent of the Flemish vote compared to 26.9 in the 1991 election. The SP was down from 19.6 in 1991 to 17.4 percent. The francophone majority parties performed hardly better. The PS following dropped from 39.2 in 1991 to 34.8 in December 1992 while the PSC was down from 22.5 to 19.9 percent. The most significant feature of the 1992 polls was the rise of the newly created VLD. With 26.5 percent of the vote in December 1992, it surpassed the CVP and established itself of the largest party of Flanders. Another feature of 1992 was the demise of the Volksunie polled at a mere 6.4 percent of the Flemish vote in December 1992. The standings of the smaller opposition parties, the two green parties and the Vlaams Blok were on the rise throughout most of 1992.

9. Defense and foreign policy

9.1. *The armed forces reform*

When the Dehaene cabinet took office, it operated defense spending cuts limiting the 1992 budget to BF 98 billion. As the cabinet was preparing for more austerity measures, Socialist trade union leaders were among those who pleaded for a significant peace dividend, i.e. a substantial reduction in defense spending. The platform of the new Dehaene cabinet was silent about an eventual reform of the armed forces. On earlier occasions, CVP floorleader Johan Van Hecke had pleaded for abolishing conscription, but this had met strong opposition from the Socialist parties. By the end of April, Defense Minister Delcroix openly hinted at the possibility of abolishing conscription. The idea was immediately endorsed by the Catholic Workers Movement (ACW) and in June also the Francophone Socialists spoke out in favor. The idea of replacing conscription by some form of community service received a very cool reception, even in Delcroix's own party. By the summer of 1992, the Flemish Socialist Party shifted its position saying that it no longer was opposed to a volunteer army on condition it became a small force. Minister Delcroix planned to reduce the force from 90.000 to 40.000 men. Other elements of his plan were the cancellation of the Leopard tank update, only partial update of the F-16 fighter planes and sale of the Mirage fighters. Moreover, he had in mind adjustment of the Reforbel contingency plans (return of the troops from Germany).

On July 1, Delcroix obtained the cabinet's endorsement for abolishment of conscription, and the ministers decided to keep defense spending at BF 98 billion through fiscal year 1995. There was strong opposition to these reform plans in military circles and particularly from Chief-of-Staff Lt. Gen. Charlier. The press reported that Lt. Gen. Charlier had threatened to resign because of the plans.

Not only the Belgian military, but also NATO circles issued warnings that the Belgian Defense Minister was going too far. In order to quell tension, Minister Delcroix allowed the armed forces chiefs to explain their position to Parliament. On several occasions, leading Belgian ministers stated that Belgium would honor all its international commitments.

On November 27, General Charlier forwarded his comments to the cabinet. He argued that because of the restrictions, it would be impossible to fulfill all the missions the Belgian armed forces were assigned to. Delcroix rebutted by saying that there would come opportunities to discuss Belgium's missions.

During 1992, both the French and German governments were exercising strong pressure on Belgium to join the German-French Euro-corps. In several statements they made, the ministers Dehaene, Claes and Delcroix endorsed the idea of a Belgian joining the Euro-corps, provided this was compatible with NATO policy. Colonel van Steenlandt was named liaison officer with the Euro-corps headquarters in Strasbourg.

9.2. Foreign policy

The policy statement

The Dehaene cabinet operated significant changes in the way Belgium's foreign policy is conducted. The ministerial level foreign affairs committee was abolished, leaving Foreign Minister Willy Claes solely in charge of shaping Belgium's foreign policy. Unlike his predecessors, Prime Minister Dehaene avoided getting involved in foreign policy matters.

In its policy statement, the new cabinet recognized the need for a collective defense system and it announced its intention to join, as much as possible, UN-sponsored peacekeeping missions. The goal of spending 0.7 percent of GNP on development aid was no longer mentioned. The rationale behind this decision was that it served no purpose of mentioning a goal all previous cabinets and failed to realize.

UN peacekeeping missions

Belgian troops were involved in UN sponsored peace-keeping missions in Croatia and Bosnia as well as in Somalia. At its last cabinet meeting February 28, the Martens cabinet decided on to send troops to Croatia. A first group of 475 military left Belgium April to take positions in Baranja, an area in Croatia at the Hungarian-Serb border.

The mission of the troops was to separate Croats and Serb and to disarm them. Moreover, one frigate was put at the disposal of the West European Union (WEU) to monitor the embargo against the former Yugoslav republics, and two C-130 aircraft took part in supplying humanitarian aid to Sarajevo. During the following months, two Belgians working as special UN envoys were killed. On August 25th, cabinet decided to build a refugee camp in the Croat village of Savudrija and BF 40 million was set aside to welcome refugees in Belgium. Over 200 refugees from ex-Yugoslavia were allowed to stay temporarily in Belgium. The Flemish government ran into problems over implementation of the trade embargo against Serbia and Montenegro when ships, under third-country flags, managed to unload cargo. In one such case, the Flemish government had failed

to take timely action. Later, Johan Sauwens, the regional minister in charge, announced that all necessary measures had been taken to enforce the embargo.

On September 11, the cabinet decided to send troops to Somalia to help with food distribution, the EC financing the operation for the larger part. When the American administration decided on a preliminary action involving 20.000 troops in preparation of the UN food distribution, the Belgian cabinet decided to join the American action. On December 20, a first group of Belgian para-troopers landed on the beaches of the southern port of Kismayu. In total 550 para-troops were made ready for the operation in Somalia. A few days after the initial landing, the Zinnia support vessel was sent to operate offshore Somalia.

Farm trade

When in November the EC and the US reached a farm trade deal, Agriculture Minister André Bourgeois first kept a low profile not committing himself. However, the French government was exercising pressure on Belgium to turn the agreement down. Because of the French attitude, Francophone Christian Democratic Vice Premier Melchior Wathelet and PSC regional minister Guy Lutgen assailed Minister Bourgeois. The latter became the victim of physical threats and violent demonstrations of farmers outside his home. Later, Prime Minister Dehaene said that he would support the French demand for a special EC council meeting on the subject. The Belgian Business Federation argued that the failure to reach an overall GATT agreement would mean the loss of many jobs in Belgium.

Zaire

The Belgian government endorsed the National Conference and the Tshisekedi government against the government(s) set up by president Mobutu. On several occasions, Foreign Minister Claes pointed out the Belgian position that aid to Zaire would only be resumed within an international context, meaning that Zaire would have to meet conditions imposed by the IMF and World Bank. Mgr. Monsengwo, the Chairman of the National Conference, was several times in Belgium for consultation with the Belgian authorities. In shoring up the Tshisekedi government, Belgium was supported by France and the United States. The Belgium government increased humanitarian aid to Zaire, but cooperation was not resumed. In December, a Belgian parliamentary delegation traveled to Zaire on a fact-finding mission. It had no contacts with representatives from the Mobutu regime.

Maastricht ratification

On November 27 the King promulgated the act approving the Maastricht treaty. Although there was a large political consensus in favor of the treaty, with only the two Green parties and the ultra-right Vlaams Blok opposed, the Belgian approval procedure was cumbersome since it not only involved the national parliament but also the community legislatures. In its advice on the ratification act, the Council of State had pointed out that granting active and passive voting rights to all non-Belgian EC subjects would require amendment of the constitution. The government argued that article 8b of the Maastricht treaty would have no immediate effect since the EC still had to work out directives implementing this proviso and that, therefore, there was no reason to delay ratification. Agalev Se-

nator Ludo Dierickx fell out with his party after he had spoken out in favor of the treaty.

Summary: Belgian Politics in 1992

After unsuccessful attempts to form Liberal-Socialist and tripartite cabinets, another center-left cabinet was made. It was the first cabinet headed by Flemish Christian-Democrat Jean-Luc Dehaene. Not commanding a two-thirds majority in Parliament, the constitutional reform agenda was referred to a community-to-community dialogue which resulted in an overall constitutional reform agreement concluded in the fall.

Not much action was taken on the budget deficit, and the cabinet's reliance on new taxes led to tension inside the coalition, with the CVP insisting on additional spending cuts. Labor and management reached agreement on a 1993-94 national inter-industry accord for the private sector.

The cabinet decided to abolish conscription, and the armed forces were involved in UN-sponsored peacekeeping missions in ex-Yugoslavia and Somalia. In Parliament, there was a large majority in favor of the Maastricht Treaty.