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Belgian Politics in 2001

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Throughout 2001 government policy focused on tax reduction, a sustainable health insurance, the reform of the police forces, the elimination of judicial backlog and the EU presidency. Not without difficulty yet another step was taken in the reform of the state. The government suffered a serious blow, however, by the demise of the national airline carrier, Sabena.

I. Budgetary and Fiscal Policy

A. Budgetary Results for 2000 and a twofold Control of the 2001-Budget

On January 5th the ministers of the Budget, Vande Lanotte, and Finance, Reynders, announced that the government (the federal, community, regional, and local governments as well as the public bodies involved in social security) had realised a surplus of € 100 million. For the first time in half a century, the public finances were in equilibrium. This result was better than anticipated by the Stability Programme 2000-2003, arising from a favorable economic trend – the growth rate equalled 4 % rather than the expected 2.5 % – and the ensuing additional revenues. By the end of 2000 the deficit had declined to 110.6 % of GDP.
On the other hand, the minor interest in four UMTS-licenses, i.e. third generation radiotelephonic networks, was a setback for the federal government. In 2001 the anticipated proceeds amounted to € 1 to 1.5 billion, to be used as a starting capital for the Ageing Fund that would meet the costs of the increasing ageing population (pensions and health insurance) from 2012. Only three prospective buyers, however, came forward (Proximus, Mobistar and KPN Orange) for a total amount of € 450.2 million. On november 30th *De Financieel-Economische Tijd* disclosed the government inserted the revenues from the UMTS-licenses auction into the 2001 Accounts in order to meet the intended budgetary balance. The law establishing the Ageing Fund was passed by the Chamber on July 12th and by the Senate on July 19th : it provided the fund with a total starting capital of € 625 million.
On March 25th the government leaders convened to readjust the 2001-budget. The revenues were increased to € 44.53 billion, the expenditure to € 44.14 billion. Nevertheless, a shortage of € 389 million was anticipated as a result of a € 1.39 billion deficit on the treasury transactions. Furthermore, a reserve of € 371 million was built up to cushion setbacks, most notably a growth rate lower than 2 %. Most requests for extra credits were turned down.

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On May 30th *De Financieel-Economische Tijd* disclosed that the major bank companies had lowered their growth rate forecasts for 2001 to 2.1 à 2.5 %. In the absence of countermeasures this could jeopardize the government's aim of a 0.2 % of GDP deficit. In addition, minister of the Budget Vande Lanotte pointed to the mounting inflation (3.14 % rather than the estimated 1.5 %), increasing health insurance expenses and a sudden drop in VAT-revenues. In preparation of a second budgetary control three study groups were created, on departmental expenditure, fiscal revenues and health insurance. Progress was slow, however, most notably on the VAT-revenues, and the inquiry had not been completed by the time the inner cabinet met to address the issue. At that time, a package of measures, worth € 800 million, was agreed upon. A more efficient tax collection and curtailment of VAT-evasion was estimated to yield € 400 million. Furthermore, cuts were planned in health insurance (€ 250 million), in the departmental means of operation (1 %) and in various minor expenditures (€ 170 million). In addition, the sale of a number of government buildings e.g. the 'finance tower' and parts of the Résidence Palace yielded € 319 million.

B. The declaration of federal policy and the 2002-Budget

In the *declaration of federal policy* Prime Minister Verhofstadt dwelt upon the repercussions of the September 11th attacks and professed his support for the ensuing Anglo-American military operations in Afghanistan. The declaration headlined a sizeable reduction of both personal income taxes and corporate taxes, an increase of the lowest social security benefits and the reform of health insurance, the elimination of judicial backlog and the reform of the police forces, the prospect of provincial constituencies and a unicameral federal parliament, and an active foreign policy in Africa. The issue of a second tax reduction continued to pit employers' organisations and liberal parties against green parties and the PS, and was finally discarded.
In the uncertain political-military context, the budget assumed a growth rate of 1.3 %, even though 1.5 % was expected. A balanced budget for three years in a row would result in a reduction of the public debt to 103.8 % of GDP. Public revenues for 2002 were estimated at € 43.95 billion, expenditure at € 44.39 billion. The deficit thus amounted to € 1.39 billion or 0.3 % of GDP, including the deficit on the treasury transactions. Additional resources were attributed to the reform of the police forces (€ 50 million), the reform of the administration (€ 25 million), and development cooperation (€ 70 million). Real increase of departmental expenditure was limited to 0.5 % rather than 1.5 %, which amounted to a full recruitment stop. Health insurance was budgetted at € 14.42 billion, an increase of 7.2 %. VLD president De Gucht repeatedly accused minister Vandenbroucke of letting the budget go out of hand and of failing to address communal distortions.

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C. *Personal Income Taxes, Corporation Taxes and Eco-Taxation*

Personal income taxes – The *declaration of federal policy* of October 17th 2000 had announced the reform of the personal income taxes, that was to be put into practice in the 2001-2004 period. It would decrease taxes by € 3.334 billion. A time frame remained to be determined in 2001. In spite of dissension within the coalition over a 2 % solidarity contribution on the most elevated pensions and the rescission of the most elevated tax rates (55 and 52.5 %), the fiscal reform was approved by the council of ministers unaltered on May 18th.
For income earned in 2001 (tax year 2002) the reduction was limited to € 74.4 million as a result of partially extending reimbursement of commuter traffic (15 cent per km with a maximum of 50 km) to means of transportation other than cars. The most elevated tax rate of 55 % would be rescinded in 2003 (for income earned in 2002) and the tax rate of 52.5 % in 2004. For wages up to € 16.113 a tax credit would be introduced in 2003 (€ 86) and would have to be in full swing by 2005 (€ 495). In addition, the tax-exempted income for spouses would be raised to the level of single persons in 2004. The elevation of tax brackets (i.e. the amounts that tax rates are applied to) would commence from 2004 as well. The fiscal reform was approved by the Chamber on July 5th and by the Senate on July 19th.
On November 29th, Prime Minister Verhofstadt was forced to admit in the Chamber that advance corporation tax payments would only take into account the indexation of the tax brackets by April 1st 2002, thus creating some leeway in the 2002 budget worth € 250 million.

Corporation taxes – Besides the personal income tax, the coalition's policy agreement stipulated 'a reduction of the nominal rates' of corporation taxes 'within a neutral budgetary framework'. On April 18th the Supreme Finance Council calculated that a reduction from 40.17 to 30 % would amount to € 1.95 billion. A reduction of the tax rate to 35 % would cost € 1 billion. In the long run, the Council called for a thorough reform of the conditions for tax exemptions on shares' surplus values and the system of final taxable income.
The *declaration of federal policy* announced a tax rate reduction to 33 %, maintaining the crisis tax introduced in 1993. The ultimate goal, however, remained a further reduction to 30 %. Small enterprises profited from new lowered rates of 25.25 % on profits up to € 24.790, 31 % on profits between € 24.790 and 89.240 and 34.5 % on profits up to € 322.000. Part of the profits could be reserved tax-free for increasing the enterprise's own funds.
In order to compensate for lost revenues, the advance tax rate on the profits enterprises make on liquidation, i.e. upon buying their own shares or upon dividing the nominal capital amongst the shareholders, was increased to 10 %. Enterprises would no longer be able to deduct regional taxes already paid, nor could lost profits from exceptional or favorable conditions be inscribed in the same fiscal year. Deductions of final taxable income would be restricted and scrutiny reinforced. In 2001, however, no bills were initiated on the subject.

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Eco-taxation – In anticipation of new eco-taxation regulations on beverage wrappings, that would stimulate environment friendly wrappings and would dissuade disposable packagings, the adoption of eco-taxes was postponed for another year. Four environmental organisations disputed the decision in court, though it was dismissed by the Brussels' court in first instance on May 4th.
An earlier agreement gave rise to divergent interpretations within the coalition. While the liberal parties emphasised reducing the price of recyclable wrappings, the green parties kept stressing the necessity of eco-taxation in order to redirect consumer behaviour. On March 27th, an agreement was reached. The excise rate on water, soft drinks and juices was lowered, while the VAT rate was reduced from 21 to 6 %. On alcoholic drinks there was only a VAT reduction. For beverages in disposable wrappings this 'ecobonus' would be offset by eco-taxes, making the beverages more expensive than before. The measures would take effect on March 1st 2002, because of the introduction of the euro. By the end of 2001, no response of the European Commission had been received and the agreement still awaited introduction in parliament.

II. The Fifth Reform of the State[1]

In the night of June 28th parliament adopted the extension of policy and fiscal competences of the regions, as well as an increase of the financial means for the communities. It was the fifth reform of the state since the process of transforming a unitary Belgium into a federal state entailing three communities (Flemish, French and German) and three region (Flemish, Walloon and Brussels-Capital) commenced in the 1970s.
Upon the instalment of the federal government in 1999 the reform of the state was referred to an «intergovernmental and interparliamentary conference». For a long time, this Conference for the Reform of the State (Costa) was stalemated. Under pressure of the Volksunie, that had made the deepening of Flemish autonomy a condition for Flemish government participation, nightly negotiations resulted in the Lambermont agreement on October 16th 2000. VU party president Bourgeois and three MPs threatened to withhold their assent, however. In that case the agreement would fail to muster a necessary two thirds majority in the Chamber. Dissension within the party over Lambermont would soon erupt into an open crisis, leading to Bourgeois' resignation as party president on January 26th. After mediation by the federal government the difficult negotiations in Brussels were concluded in the Lombard agreement, as well. On May 2nd the VU's party council assented to both agreements by a narrow majority. In the Chamber, however, the consent of the francophone christian democrats (PSC) was needed as a result of the four dissident VU MPs. In exchange, the PSC was promised additional Lambermont-funds for education and ratification of the Council of Europe's Convention on the protection of national minorities. The Flemish parties disclaimed its relevance to the francophone in the Brussels' rim, however.

[1] For a more detailed overview of the fifth reform of the state, see in this Yearbook : M. DEWEERDT, 'Kroniek van de vijfde staatshervorming', pp. 363-395.

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The Lambermont agreement extended the regions' competences to organise their interior policy (in municipalities and provinces). To this purpose the regions are enabled to alter the municipality and provincial (electoral) law. Excluded are police and fire departments, as well as the staff's pension and union statutes. In addition, regional policies cannot alter the linguistic settlement in the capital or municipalities with facilities.
Additional aspects of agricultural policy were transferred to the regions, as well as offshore fishing. The federal agency for the food chain's safety would continue to determine and monitor quality norms. Furthermore, the regions gained full responsibility over their export. Previously this had been shared with the federal government. As a result, the Belgian Service for Foreign Commerce (BDBH) was replaced by a reduced federal agency. The regions and communities were attributed oversight over electoral expenses and governmental statements. In conclusion, the aspects of development cooperation concerning regional or communal competences would be transferred by 2004.
The annual donation to the Flemish and French Community gradually increased by € 198 million in 2002, up to € 1.1 billion in 2012. The regions' fiscal competences were extended to eleven taxes, among them radio and television licence fees, succession and registration duties. In addition, the regions can reduce or increase income taxes. In 2002 and 2003 reductions or raises may not exceed 3.25 % of its share in revenues and 6.75 % in 2004.
In the Brussels-Capital Council, the number of seats was increased to 89, providing for 17 more Flemish representatives. By 2004 direct elections would be held for the representation of Brussels in the Flemish Parliament. In exchange Brussels would receive an annual bonus of € 25 million. Municipalities in the capital installing a Flemish alderman or social services' chairperson receive an additional bonus, worth € 25 million in all. Lastly, the rule requesting a majority in both linguistic groups in the Brussels-Capital Council was relaxed, following the electoral succes of the Vlaams Blok. In order to prevent stalemate, a third of the Flemish linguistic group may suffice when a vote is repeated one month after.

III. Home Policy

A. Institutional Regulations and Political 'Renewal'

Electoral law – After the government halved the impact of votes on the top of the list in 2000 in the case of local, provincial and European elections (June 26th and December 27th Acts), the regulation was extended to the Flemish and Walloon Parliament as well as the Brussels-Capital Regional Council. In addition, the distinction between candidate-successors and candidate-titulars was lifted. Prime Minister Verhofstadt confirmed in committee that the government planned to introduce provincial constituencies where they did not exist already. In addition, it was envisaged that party leaders could present themselves in more than one constituency. The *declaration of federal policy* further added a 5 % electoral threshold. No further initiative was taken by the end of 2001, however.

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Local authorities – The executives of provinces and municipalities are to present a policy programme to the provincial and local councils, at the latest three months after taking office. The programma ought to incorporate 'at the least all major policy plans' and cover the entire term in office. (*B.S.* March 23rd 2001)

Committee on Political Renewal – The Committee on Political Renewal continued to suffer throughout 2001 from absenteeism. A number of meetings had to be cancelled, up to the point that its proceedings appeared in jeopardy. As a result the committee's chairmen requested in a letter a renewed expression of its members' commitment. Reports were presented by the academic work groups on direct democracy (referendums and petition rights) and on representative democracy (reform of the electoral law). On the whole, however, actual results were lacking.

Reforming bicameralism – After the summer recess, Prime Minister Verhofstadt suggested to integrate the Chamber and Senate into one assembly, of a size similar to the Chamber before 1995. The Senate lacked in numbers to perform its legislative duties, which could be taken up by a separate committee. The Senate's president De Decker, as well as a number of in particular francophone MPs expressed their abhorrence of the prospect, among them Minister-President of the Walloon Region Van Cauwenberghe and PS-president Di Rupo. In the *declaration of federal policy*, Verhofstadt reiterated the proposition, specifying that the Senate had failed to seize its task as a meetingplace for the communities and regions, a task that would be better performed by a paritary Federal Council, composed of members of the communal and regional assemblies. His words met with jeering in the Senate. While the christian-democrats and Ecolo left the hemicycle, others pressed to be consulted in the future.

B. The Reform of the Administration

The implementation of the Copernicus Plan to reform the federal administration, that was adopted on April 28th 2000, faced resistance from the unions and the francophone coalition partners, the PS in particular. In spite of a leaflet 'Q&A on the Copernicus Reform' that was sent out to all civil servants the day before, thousands of civil servants demonstrated in Brussels on February 13th. They claimed the plan focused too strongly on the organisation and operations of the private sector and neglected lower civil servants. In response, Van den Bossche promised to submit a general outline of the plan and a time schedule.
On February 16th, the government approved to remodel the ministerial departments into 'Federal Government Departments' (FODs) and 'Programmatic Federal Government Departments' (PODs). By the end of 2001, 7 out of 14 FODs, but no PODs were established.
The FODs would entail the suppression of the ministerial cabinets before the end of term, though francophone ministers obtained that the moment of suppression was the minister's decision alone. The ministerial cabinets were to be replaced by a secretariat (max. 13 co-workers), a cell for policy preparation, and a cell for general policy. On April 25th, Van den Bossche announced the incorporation of the

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social semi-governmental institutions into the Copernicus plan on their own request.
On September 7th the Council of State annulled the regulations on the recruitment of managers in the FODs and PODs. They entailed the introduction of a mandate system (a temporary appointment for 6 years) for 400 senior civil servants and the opening of top managerial offices to external candidates. The government revised its decision on September 20th.
On December 3rd, the unions and Minister Van den Bossche reached an agreement on the career policy of 52.000 federal civil servants of level B (2+ in terms of the old system), C (2) and D (3 and 4). Negotiations continued on the career policy of civil servants of level A (1). More emphasis was put on the competence and importance of the office and less on the seniority of civil servants. The agreement provided a linear pay increase of 1 %, a holiday allowance rise and a possible competence premium of € 1.700 to 2.500 for civil servants from level C upwards.

C. Communal Problems

The appeal to rescind the Peeters circular letter, the French Community and the Walloon Region had entered, was rejected by the Vth (bilingual) Chamber of the Council of State on March 27th. The circular letter obliges the Flemish municipalities with facilities to address inhabitants in Dutch, who may obtain a French translation of official documents on 'express, repeated request'. It was argued the linguistic regulations within a Flemish municipality failed to threaten the French Community and Walloon Region's prerogatives. A further appeal by an inhabitant of Sint-Genesius-Rode was referred to a Dutch-speaking Chamber, that was not yet instated by the end of 2001.
On June 12th and 23rd and from September 3rd until 7th Swiss MP Lili Nabholz-Haidegger collected information on the protection of minorities in Belgium on the authority of the Committee on Legal Affairs and Human Rights of the Council of Europe's Plenary Assembly. The inquiry was requested by 36 francophone members of the Plenary Assembly, claiming the earlier Columberg report had remained without consequence. After consultation of Prime Minister Verhofstadt, vice-prime ministers Michel and Vande Lanotte, the mayors of the municipalities with facilities, the communal and regional minister-presidents, the presidents of the regional assemblies, and the party presidents, as well as representatives of the Council of State and the Court of Arbitration, she called upon the Belgian government to ratify the Council of Europe's Framework Treaty on the Protection of Minorities. This would not in her opinion trip up the linguistic laws in the country. Her report was scheduled for deliberation in the Parliamentary Assembly in March-April 2002.

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IV. Policy on Asylum and Foreign Residents

A. The Settlement of Applications for Regularisation

Illegal foreign residents were given the possibility to apply for regularisation of their residence in Belgium from January 10th until 29th 2000. The Regularisation Committee opened 32.662 cases, concerning 50.600 persons. The consideration of the applications, however, went particularly slow. After the deadline was twice postponed, the proceedings still continued after October 31st.
The Flemish and francophone chambers were given a wide autonomy, after a number of Dutch-speaking magistrates threatened to resign over 'the authoritarian behaviour' of Committee chairman Coppens. They further complained in a letter to minister Duquesne that they were often outnumbered by the lawyers and representatives of non-governmental organisations and that 'suspect' cases containing false documents, multiple or false identities or multiple applications, could not be examined thoroughly.
Public prosecutors in Antwerp and Brussels had set up a judicial investigation into corruption and fraud during the consideration of regularisation applications. During a domiciliary visit to the offices of the Regularisation Committee 1.411 files were confisquated. Half of them contained falsed employment contracts, rental agreements or medical certificates.

B. The Reception of Asylum-seekers and reform of the Asylum Procedures

During the first days of 2001 hundreds of asylum seekers –on January 3rd a record of 1.500- daily came to the Immigration Office, hoping to qualify for financial support. As a result, the introduction of the 'no cash' principle –that was adopted on October 25th 2000– was advanced a couple of days. During the consideration of their application, asylum seekers can only receive material benefits, not financial. An appeal to nullify the measure was rejected by the Court of Arbitration on March 1st. In the second half of January the influx of asylum seekers rapidly decreased.
In 2000 Minister Vande Lanotte had acquired holiday resorts in Westende and Houthalen-Helchteren for the reception of asylum seekers. People living in the neighbourhood often took their objections to court. In appeal, most saw their case rejected, however. On June 28th the Court of Appeal upheld a judgement to prohibit the construction of a center in the recreational area Hengelhoef in Houthalen-Helchteren. In spite of the municipality's negative advice, the Flemish Community obtained permission to alter the purpose of the area. On December 3rd the first asylum seekers were admitted in Houthalen. In Westende asylum seekers were admitted since March 29th. Management of the centers was entrusted to a Federal Agency for the Reception of Asylum Seekers.
The reform of the asylum procedures that was adopted by the council of ministers on November 10th 2000, was removed from the political agenda after the Council of State found fault with a number of stipulations. The PS and green parties took the opportunity to press for readjustments to a proposal they had only grudgingly

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accepted. When the number of asylum seekers dropped to less than 2000 a month and an increasing number was expelled, an agreement was no longer searched for.

C. Difficulties with Naturalisations, the 'Fast-Belgian Law' and Immigrants' Suffrage

On January 3rd some eighty files were confisquated at the Naturalisations Office of the Chamber of Representatives. In addition, a civil servant was incriminated of passive corruption, allegedly having inverted a negative advice in the case of sixteen Georgians, some of them illegal residents. As a result, the autonomy of the committee members in individual cases was reduced. On January 5th 3.000 cases were returned to the Committee for a second reading. On March 29th the Committee's membership was increased from 9 to 17. In it, six chambers of three members each would consider the individual cases. Only unanimous decisions could be referred to the plenary, the others having to be considered by the Committee as a whole.

On the occasion of the open party conference in Nieuport, Agalev political secretary Geysels belled the cat, calling for local suffrage for immigrants. In September SP.A introduced a bill to this purpose in the Senate. It enfranchised immigrants who resided for three years in the country at both local and provincial elections. On October 26th PS president Di Rupo hinted that he would not press for suffrage for immigrants, in exchange the VLD would not pursue a legal framework for 'pentiti', i.e. persons benefitting from remission of sentence in return for collaboration with the judicial authorities, outside the government coalition. VLD parliamentary party leader in the Chamber Coveliers threatened to topple the government if a bill on immigrant suffrage were ever adopted. Party president De Gucht expressed his personal approval of the proposal, but pointed out his party will never vote suffrage for immigrants, not even if linked to the so-called 'fast-Belgian law', nor during the next coalition formation process.

In the spring 2002 the so-called 'fast-Belgian law' was scheduled to be reviewed by the Chamber. The relaxation of the naturalisation procedure had increased the number of applications from an average of 22.000 to 48.000 per year in 2000 and 2001. A scientific report claimed that a thorough consideration of a case would take three to six months rather than the one month provided. Furthermore, the judicial authorities were still examining the immigrants' willingness to integrate, although this particular condition had already been removed from the law. An intercabinet working group was established to study the report's recommendations.

V. Policy on Justice and the Reform of the Police Forces

A. An Action Plan for Justice

In the *declaration of federal policy* on October 9th Verhofstadt outlined an action plan in stages for justice. It provided a pay increase for judicial magistrates 'by means of weekend and duty allowances'. An earlier announced increase proved budgetarily imprudent. The Council of (27) Public Prosecutors withheld their advice in protest with the postponement of the pay increase, as well as with the

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lack of consultation concerning the vertical integration of the public prosecution, settled by the Octopus Agreement.
In order to eliminate judicial backlog and to speed up the course of judicial proceedings, the judge was attributed a more active role and the possibility to impose stricter delays on all parties involved (lawyers, magistrates and court experts). Rules that slow judicial proceedings would be rescinded. A 'mediation judge' is to urge parties even on the introduction of a lawsuit to agree to a settlement out of court. Abuse of the right to sue would be penalised. Appeals were to be accompanied by an obligation to justify the act. A number of lawyers' organisations critised being held responsible for slowing down judicial proceedings.
In addition, the public prosecution was remoulded in terms of management. The Public Prosecutor was responsible for criminal policy in his district, assisted in this by a case coordinator and the heads of section, i.e. relatively autonomous parts that deal with cases in full. In addition he assumed final responsibility for the proceedings and operations, the external communication and management of the public prosecution. The means a court or public prosecution could command, both quantitatively and qualitatively, were to be determined by a measurement of the workload. A pool of mobile and multidisciplinary judges would serve to fill in vacancies as a result of death, illness or promotion temporarily.

B. 'Pentiti' and other Difficulties Implementing the National Security and Detention-Plan

Minister Verwilghen faced criticism repeatedly on the implementation of the National Security and Detention Plan, that contained 92 projects to increase security and improve the proceedings and operations of the judiciary. As a result of the opposition within the PS the adoption of three bills was delayed.
A first bill aimed to provide a legal framework for extraordinary investigation methods, such as tapping phone lines, infiltration, entrapment, intercepting correspondence and examining bank accounts. The issues were previously covered in two circular letters. The PS pressed for a close supervision of the proceedings and necessitated months-long negotiations within the coalition.
A second bill entitled the judiciary on certain conditions to appeal to anonymous witnesses, whose identity or parts (age, residence, ...) thereof are not revealed, in the war on organised crime and offences that permit phone taps. In the Justice Committee an amendment by PS, PRL and Agalev-Ecolo to necessitate the examining magistrate's intervention in all cases, caused a collision among the coalition partners. An amendment by Erdman (SP.A) that two or more anonymous testimonies could be sufficient in court, caused further dissension.
No progress was made on a regulation for 'pentiti'. Offenders could obtain reduction or remission of their sentence, as well as police protection and a new identity when providing essential information for the investigation. PS president Di Rupo objected for 'ethical reasons' : the government ought not encourage snitching. Personal motives are not be disregarded, however, Di Rupo having been the subject of a paedophilia investigation himself on the grounds of an anonymous witness who later proved utterly unreliable.

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C. Miscellanea

High Council for Justice – In its first annual report, the High Council for Justice expressed its contentment on the objectification of the magistrates' recruitment. Out of 203 nominees 136 were in fact appointed. It pointed, however, at the lengthy recruitment procedure and at the lack of candidates due to the low success rates (15 %) in the competence and entrance exams. Out of 321 vacancies 120 remained open. Up until September 1st 2001, a total of 623 complaints were filed with the High Council : 90 % was found inadmissable, the others unfounded.

Vertical integration, federal public prosecution – In implementation of the Octopus Agreement a federal public prosecution of 18 magistrates was established on June 21st, entrusted with cases of terrorism, arms and human trafficking troughout the country. Serge Brammertz was appointed federal public prosecutor. The establishment of a federal public prosecution was part of the vertical integration of the judiciary. Another aspect, i.e. the closer collaboration of the public prosecutors and the procurators-general, still awaited implementation.

Policy on Drugs – After lengthy and difficult negotiations an agreement was reached within the federal government on the toleration of soft drugs on January 18th. A circular letter, like the april 17th 1998 circular letter instructing the judiciary to accord the 'lowest priority' to the prosecution of cannabis users, was considered inappropriate to settle a criminal issue. Possession of drugs, including cannabis, remained a criminal offence, though an implementing order laid down that possession of a 'quantity for personal use', that was not specified would no longer be reported. Drug abuse (i.e. revealed in addiction or delinquency) or the use of drugs causing a nuisance (e.g. in the presence of minors) would on the contrary be prosecuted, as well as trafficking. In response to public confusion on the permissibility of cannabis, Minister Aelvoet announced an information campaign and the dispersion of 600.000 flyers in May.

D. The Reform of the Police Forces

In implementation of the Octopus Agreement and the law of december 7th 1998 the federal police took off on January 1st. The second level of the integrated police force, i.e. the local police, would start only after the instalment of police councils in the local police zones and not later than January 1st 2002.
The federal police included the former judicial police of the public prosecution and part of the gendarmerie. It entails five general Secretariats : administrative police, operational support, personnel, logistics and judicial police. The latter encompasses the Central Office combatting corruption (CDBC), the Central Office combatting organised economic and financial delinquency (CDGEFID) and the regional criminal investigation bureaus (including the former judicial police and gendarmerie's special detective division).
A number of bills determining among others the police personnel's legal position (December 27th), disciplinary code (March 30th), and retirement statute (March 30th)

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were adopted. In conclusion of lengthy negotiations with the unions – occasionally accompanied by protest and premonitory manifestations – an agreement was reached on the police personnel's statute on July 5th. Pay increases were estimated to additionally cost the government € 200 million. As a transitory measure the government sought to alter the legal position of police personnel by the 'mammoth' royal decree encompassing more than 1.200 articles. In order to amend the constitution to this purpose, it needed the support from the VU and ID21. Such support was forthcoming, after a Flemish representation within the six Brussels' police councils was guaranteed. The transitory measures had to be confirmed by law before april 30th 2002.
Another aspect of the reform of the police forces was the federal financial contribution to the municipalities for the transfer of 7.539 gendarmes to the local police and the pay increase incorporated in the new statute. A dotation of € 456 million was promised, but the Association of Flemish Cities and Municipalities estimated an additional 112.5 million was needed. Months-long negotiations led to an increase of the dotation to € 465 million or € 17.021 per policeman. Additional funds were reserved for ICT applications (€ 12.39 million) and security contracts (€ 11.90 million). Further, the 7.539 gendarmes' social security would remain at the expense of the federal government. A solidarity fund of € 12.5 million per year to aid tax-deficient police zones would be established in 2003. In addition, cities and municipalities that would benefit disproportionally from the fund for having invested in the past in a police force of their own, agreed to hand over 34.5 % in 2002 (i.e. € 25 million) to the municipalities who were forced to catch up. In response to heavy criticism, the government decided to bring the assessment of the reform forward in order to complete it no later than July 1st 2002.

VI. Employment and Social Policy

A. Employment

Unemployment rates – The unemployment rates were on the rise again in September, after a continual decrease the previous years. On December 31st the National Employment Office had recorded 350.966 unemployed entitled to an allowance, i.e. 4.201 or 1.1 % less than in 2000. The number of non-employed persons registered for employment, however, increased by 10.897 (or 2.4 %) to a total of 471.067. In Flanders, there were 179.566 (+19.981), 216.689 in Wallonia (-15.841) and 74.812 (+6.757) in Brussels. Due to a change in measurement in Wallonia, the numbers are not completely comparable to 2000, however.
In her assessment of the implementation of the directives on economic policy for 2000 the European Commission critised the low employment rate in Belgium, in particular in the age cohorts of 55-64. A revision of the system of early retirement was called for. In the directives for 2001 and 2002, it was repeated that a reform of the tax and allowance system was necessary to set or keep older employees to work. Most notably, the Commission demanded to increase the mobility of the work force between the regions and to eliminate regional, linguistic and ethnic impediments.

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Local Employment Agencies (PWA), Service Cheques, and Community Services – On May 4th measures were taken to facilitate the introduction into the labour market of the long-term unemployed and semi-skilled. Service cheques and local employment agencies were revised, so that the unemployed working for a PWA would move on to community jobs payed for by tax-deductable service cheques. Aproximately 42.000 persons worked for one of 572 PWAs. Because earnings in the PWAs often exceeded minimum wages, the government strengthened the financial monitoring of PWAs and sought to involve them more actively in the search for a regular job. Because of dissension among the regions the system did not take off in 2001. In addition, unemployment benefits were 'activated' : enterprises hiring an unemployed person would receive a € 500 wage subsidy per month during one to three years on top of the contribution cut. The measure was estimated to cost the government € 100 million.

Time Credit – A legal framework was introduced for the time credit system, replacing the career pause system. In the private sector 2.3 million employees would be entitled to a one to five years pause in their career. They would receive a premium of € 364.55 per month and retain all social prerogatives. The entitlement could be refused if one fifth of the work force is absent simultaneously. The absent employee did not need to be replaced by an unemployed person. Further, a general reduction of working hours to 38 per week from January 1st 2003 was introduced. Contribution reductions are promised to employers who reduce working hours before January 1st or to less than 38 hours per week. Paternity leave was extended from 3 to 10 days, as well as adoption leave.

Employment plans – On December 13th the inner cabinet approved Onkelinx' intention to replace 24 different employment plans by a structural reduction in the burden, either as a reduction of the employer's social security contribution or as a contribution exemption for the first payment of wages. The cost was estimated € 3.52 million.

The right to strike – The *declaration of federal policy* promised a sweeping alteration of the right to strike : labour conflicts were to be considered by industrial courts, not civil courts and only after all conciliatory procedures had failed. Damages in case of non-compliance could not be imposed on the basis of a unilateral appeal. Pressured by the Organisation of Belgian Enterprises (VBO) the government reintroduced on December 13th the possibility of damages after mediation has failed.

B. Social Policy

On January 25th the negotiations for a general agreement in the civil service for 2001 and 2002 commenced, including 800.000 civil servants. The unions demanded a pay increase of 4 %, an increase of the holiday and Christmas allowances, as well as a reduction of the working hours to 36 per week. When only a pay increase of 1 % seemed to be forthcoming from the different authorities, a series of strikes and

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demonstrations ensued. On March 14th 9.150 up to 20.000 civil servants demonstrated in Brussels. The Copernicus reform and the privatisation of public enterprises were critised as well. Further attempts to restart the negotiations failed when (Flemish) minister Sauwens refused any general agreement on April 17th, feeling the gap between the Flemish and Walloon labour markets and corporate culture had grown too wide.
On April 23rd, however, the minister-presidents and Verhofstadt agreed to conclude a general agreement on wages one more time and to devise a new procedure for the future. The general agreement was reached on June 21st, though the Socialist union ACOD refused ratification. It provided a pay rise of 1 %, an increase of holiday allowances up to 65 % of the monthly wages by 2009, the introduction of the time credit system and an increase of the training budgets.

C. Social Security

Round Table Conference – In response to a demonstration of 10.000 union and insurance fund members for more social equality, increased social protection and index-linked benefits on May 20th, the government established a round table conference on the future of social security presided by ministers Vandenbroucke and Onkelinx. Twelve subjects would be discussed with the trade unions, the employer organisations and the health insurance funds, as well as a number of minor organisations. Special working groups tackled the issues of a maximum bill in the health service, the struggle against poverty and new occupational hazards, e.g. stress. After the summer recess the conference became stalemated, when the 2002 budget did not provide sufficient means to increase allowances or to reduce the tax burden.

Supplementary Pension and the 'Pension Pact' – On January 26th the government adopted the supplementary pension act, aiming to democratise supplementary (extra-legal) superannuations as a second pillar of the pension system besides legal pensions and individual pension reserves. In particular, the aim was to raise the number of employees that were entitled to a supplementary pension by means of 'social pension funds', from a third (especially executives and clerks) to half or even two thirds. On July 12th the government and the representative unions (ACV, ABVV and ACLVB) and employer organisations (VBO, UNIZO, Farmers' union) signed a 'joint declaration' to this purpose.

The 2001 Health Insurance Budget – The health insurance sector concluded the fiscal year 2001 with a € 322 to 371 million deficit. On July 13th the second budget control introduced additional austerity measures worth € 194.5 million. Earlier, clinical biology and medical graphics were called upon to reimburse their € 58.5 million deficit in 2001 rather than in 2002. The postponement of various measures and new intitiatives would lower expenditure by € 108.5 million. The Belgian Association of Doctors' Syndicates (BVAS) threatened to terminate the agreement on tariffs and to increase fees. It went on to strike on September 17-19th, October 1-4th and October 15-19th.

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The 2002 Health Insurance Budget and the Perl Committee – The awareness that harsh measures were not to be avoided to stem the mounting deficit complicated budgetary negotiations in the Insurance Committee of the National Institute of Health and Disablement Insurance (RIZIV) and kindled communal disputes. On september 11th minister Vandenbroucke commissioned Gabriel Perl, chairman of the Committee on doctors and insurance funds, to elaborate 'precize and operational' proposals to reduce differences in individual practices to an acceptable level, to prevent inefficient use of health care and to encourage individual responsibility within the health services. Those prescribing needless examinations or redundant medication were to be penalised financially.
On October 7th the government decided on a € 14.42 billion budget for the RIZIV in 2002, an increase by 7.2 %. It was adopted by the RIZIV General Assembly, but was opposed by the insurance funds as 'unrealistic'. In order to reduce expenditure to € 14.42 billion, € 476 million would have to be economised, nearly half of it on the medication budget. As a result, the pharmacists' distribution margin was reduced by € 37.2 million. In addition, the franchises on medication were to be indexed and some drugs would no longer be reimbursed or to a more limited extent. Doctors', dentists' and other health services' fees were to be indexed only on July 1st rather than January 1st, saving € 3.8 billion. Additional measures worth € 65 million were to be proposed by the Perl Committee.
On October 31st the Perl Committee suggested the individual responsibility be tested in 2002. Concerning specialists, the deliberations continued. The Perl Committee, further, accepted to found the financing of clinical biology, radiology and haemodialysis on the principle of 'one product, one price'. Minister Vandenbroucke stated his contentment, but reproached the committee insufficient efforts in reforming the reimbursement rates. The doctors' syndicates reacted furiously on 'this declaration of war' and refused further cooperation in the committee's proceedings. Though an agreement was reached on December 11th among doctors and insurance funds on the revision of the medication nomenclature, saving € 55 million, the Perl Committee foundered over the distribution of hospital costs among doctors and hospital management. In the absence of an all-out agreement the Perl Committee handed its commission back in.

Maximum bill – On April 30th Minister Vandenbroucke presented the 'maximum bill' in health care, in order to protect families from exuberant medical expenses. It replaced the so-called social and fiscal franchise, limiting the franchise the 175.000 chronically ill of modest means would be submitted to. In 2001 the maximum bill would be applicable to families enjoying an income of up to € 13.386. In 2002 it would be extended to families earning up to € 20.575 and later to all families. Besides doctors' fees, technical feats and essential medicines, hospital costs would then be included as well. At that time the cost was estimated at € 84.3 million per year.

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VII. Policy on Mobility

A. Railroads

The railroads' reorganisation and investment plan caused friction in the federal government, as well as with and among the regions throughout the year. Prime Minister Verhofstadt had hinted on October 17th 2000 at a € 8.056 billion budget for the 2001-2010 period, considerably less than the € 14.13 billion the railroad company claimed was needed.

On January 9th the inner cabinet established a working group on all aspects of the railroads' reorganisation, e.g. the strategical orientation, an investment plan, the implementation of European directives, and sound management. Luc Coene's chairmanship of the working group was taken to be an indication of the prime minister's involvement in the issue. On January 26th the Board of Directors concluded € 15.96 billion was needed for the railroads' decennial plan. On March 23rd the christian and liberal railway unions joined the socialist general strike in the public services and downed tools.

On March 29th the strategic plan for the national railway company (NMBS) was presented to the press. Investments were determined at € 16.78 billion for a fifteen-year period instead of ten. They were intended for purchasing new equipment (€ 4 billion), redoubling railway lines (€ 2 billion), investments in goods traffic (€ 1.9 billion), modernising the major axes (€ 1.7 billion), improving the circulation in Brussels (€ 750 million) and the reception of passengers (€ 675 million), the construction of high-speed tracks (€ 2.5 billion), and maintenance (€ 3 billion). In exchange, the number of passengers, as well as goods transported would have to increase by half. Improving punctuality, security and comfort were emphasized as well.

The board of directors was reduced in size, by barring five out of six directors and two union representatives. The regions would be represented in a newly created 'orientational committee' by way of the regional transport companies, and in the 'intergovernmental Committee on Public Transport'. Twenty-two units would be regrouped into six departments (interior passengers' transport, international passengers' transport, goods transport, network, patrimony/environment, and maintenance/equipment/security).

On June 22nd the Flemish government reacted favourably to the investment plan. It thereby neglected a resolution of Parliament to approve only the projects for 2001-2002. Lengthy negotiations were necessary, however, to iron out all differences : as a result the scope of investments was increased to € 17.05 billion by July 14th. In addition, the costs on Flemish territory of redoubling the lines Brussels-Charleroi and Brussels-Namur would be financed federally. The € 250 million, thus released within the Flemish budget, could be used to speed up the unlocking of the Antwerp and Zaventem airports. Two thirds of the unlocking of Zaventem would come to the federal government anyway, as well as part of the costs on Flemish territory of modernising the line Brussels-Luxemburg. On the other hand, regional prefinancing was limited to € 62 million, thereby disregarding the Council of State's objections. On October 15th, 16th and 17th the railways unions went on a

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24 hours' strike, each time in a different part of the country to critisize the planned reforms. When the deliberations were postponed in the Chamber and the Senate, adoption was not reached by the end of 2001.

B. Sabena

Throughout the year, the government and Minister of Public Enterprises Daems in particular faced major financial difficulties at Sabena, resulting in its liquidation. The financial difficulties had strong roots in the past : in 1995 an austerity program 'Horizon 1998' had been forced upon Sabena by SAirGroup, Swissair's parent company and owner of 49.5 % of Sabena shares. In 2000 a new austerity program 'Blue Sky' was deemed necessary. On December 11th 2000 the board of directors had to acknowledge that the company's net assets were less than a fourth of its capital, obliging it to convoke a meeting of shareholders.
Negotiations with the Swiss holding resulted in an increase of capital by € 250 million. SAirGroup would contribute 60 % on the condition that Sabena personnel accepted the Blue Sky austerity program by February 8th. Six to seven hundred jobs were threatened. Negotiations on the recovery plan were tense and slow-paced. The pilots' association BeCA in particular proved inflexible. On February 17th both unions and BeCA finally accepted the Blue Sky agreement. The personnel's sacrifice amounted to € 40 million by way of increasing productivity and job flexibility. Thereupon, the shareholders adopted the capital increase. The government contributed € 100 million, SAirGroup € 150 million. In addition, assets worth € 500 million would be sold off.
In the meantime, doubts had risen within SAirGroup over continuation of their participation in Sabena. In the Infrastructure Committee Daems admitted he was preparing a post-SAir scenario in case the Swiss holding would withdraw from Sabena. On April 2nd SAirGroup announced a € 1.8 billion deficit in 2000. Sabena lost € 327 million, considerably more than had been expected. In order to secure Sabena's future, a new business plan was presented to the board of directors on June 18th. It anticipated hiving off long-distance connections and the accelerated sale of profitable departments (e.g. cargo, catering, hotels and technical maintenance). When SAirGroup refused further participation, the government and the board of directors took the issue to court on July 3rd in order to claim damages worth € 1.029 million. On July 17th a compromise was made : Sabena's capital would be increased by € 430 million, 60 % would be contributed by the Swiss holding. In addition, Swissair would purchase nine Airbus planes, that Sabena had ordered for 2002. In exchange, the obligation to increase its participation to 85 % would be waived and all lawsuits were interrupted.
When details of Müllers business plan, resulting in the loss of 1.632 jobs, leaked out, the employees downed tools on August 8th and 9th : one third of all flights had to be cancelled. On September 6th and 7th the pilots went on strike. After mediation by Employment minister Onkelinx, management and unions came to a new agreement on September 26th. A total of 550 employees would be dismissed, a further 1.000 redundant employees would be released. The settlement was rejected by the pilots who went on a wildcat strike. It was, however, adopted by the staff

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in a referendum by a mere 57 %, though the result was of no consequence when Swissair applied for a judicial settlement on October 1st. On October 3rd Sabena too applied for a judicial settlement for Sabena plc, SIC plc (i.e. Sabena Interservice Center, the company's coordination center) and Sabena Leasing plc. When negotiations with prospective investors, British Virgin Express in particular, proved a dead end, the board of directors filed for bankruptcy on November 6th. As a result 8.207 employees became redundant. The daughter companies DAT, Sobelair (charter flights) and SN Technics (maintenance) were not implicated.
On November 7th 1.500 Sabena employees demonstrated in Brussels and on the airport. After hours-long negotiations the government and the unions came to an agreement on social support measures. On top of an allowance of the Fund on the closure of enterprises, former Sabena employees would benefit from activating and compensating bonuses. The cost was estimated at € 390 million. On November 8th Sabena employees blocked the access to the airport. On November 11th 5.000 former employees demonstrated in Zaventem.
Shortly after, the government announced that the private sector and the regions would invest € 200 million in a new airline, founded on DAT, retaining 6.000 jobs. The regions would contribute € 45 million, eight non-specified enterprises and four major bank companies (Fortis, KBC, Dexia-Artesia and BBL) € 155 million. Doubts arose quickly, however, after DAT's take off. The financial contributions were hesitant and a number of investors claimed to wait for the business plan to take the final decision. Moreover, the Flemish government decided against participation. Crucial appeared the fate of SIC, a daughter company that had claims on Sabena, DAT and SN Technics for € 544 million. On November 30th, SIC's judicial agreement was prolonged and SN Air Holding plc, the holding that would invest € 202.75 million in DAT, was incorporated on December 5th.
In the following days a 'pre-arrangement' was struck : a € 60 million debt would be acquitted and € 50 million would be transferred into capital. SN Air Holding made a € 1 bid on the DAT shares, on the conditions that by January 15th the claims by SIC would be exonerated and that a more favorable settlement could be reached with the DAT airplanes' leasing companies. On December 21st it was accepted.
The Chamber of Representatives established a «special committee, charged with the investigation into the circumstances leading to Sabena's bankruptcy, to determine the persons responsible and to make recommendations» on December 20th. The investigations would start in 1975 and the proceedings were to be concluded by June 30th 3002.
Negotiations on a possible merger with Virgin Express commenced on December 28th and would have to be completed by March 2002. The uncertainty on the fate of SIC continued to threaten DAT's future, however.

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VIII. Foreign and Defence Policy

A. Foreign Policy

European Union[2] – In the second semester of 2001 Belgium assumed the EU presidency. In preparation, Verhofstadt and Foreign minister Michel displayed a lively diplomatic activity.
On May 2nd Verhofstadt presented the presidency's sixteen priorities, i.e. the introduction of the euro, the modernisation of the welfare state and the sustainability of pensions, an impetus to a common asylum and migration policy, the introduction of a European patent, a 'Declaration of Laken' on the Future of Europe.
The Belgian presidency was concluded with the Laken summit on December 14th and 15th. On the eve 80.000 to 100.000 union members from all member states demonstrated in Brussels for 'a more social, democratic and solidary Europe'. On December 14th, it was the antiglobalists turn : a handful troublemakers caused devastation to banks, police offices and cars.
The 'Declaration of Laken' established the Convention to prepare the revision of the EU treaties under the presidency of Valéry Giscard d'Estaing. It proved impossible to bring all member states to accept a compromise on the seat of thirteen European institutions or agencies. To prevent 'horse trading' Verhofstadt broke off deliberations prematurely. Though assessments of the Belgian presidency were positive, little headway was made on a number of the priorities. Verhofstadt emphasised on the other hand the agreement on an EU arrest warrant and the war on terrorism, in the aftermath of the September 11th attacks.

Congo and Central Africa – The assassination of President Laurent-Désiré Kabila on January 16th and his succession by his son Joseph triggered a new attempt to resume the stalemated peace process in Congo and the region of the Great Lakes, for the time being to little avail. In the aftermath of the assassination, troops were sent to Gabon and Congo-Brazzaville in order to prepare a possible evacuation of approximately 2.000 Belgian citizens in Congo. This proved not necessary, however. Belgium was represented at Kabila's funeral by Michel, who travelled from Kinshasa to Angola, Zambia, Zimbabwe, Ruanda, Uganda and Gabon for talks on the implementation of the Lusaka agreement. A joint Belgo-Congolese committee was established to monitor political evolutions in the former colony and the renewed cooperation.
The federal government adopted a modest action plan for Congo on June 22nd. Development aid programs would be increased by € 10 million to € 40 million per year, including four new projects (maintenance and the repair of roads, local development initiatives, health care and an urban social fund for Kinshasa). Structural aid, that was suspended after the Lubumbashi massacre in 1991, was not resumed, however. Promises of bilateral loans and a cancellation of debts worth

[2] For a more detailed overview of the developments in the European Union, see in this Yearbook : B. KERREMANS and E. DRIESKENS, 'Tussen schok en overgang : de Europese Unie in 2001', pp. 279-305.

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€ 1.3 billion were conditional upon the evolutions in the peace process and democratisation. The action plan was presented at the 41st anniversary of Congo's independence in the presence of Verhofstadt, Michel and Boutmans.
In November Michel headed an EU diplomatic mission to Central Africa. The Congolese opposition and a number of civil society organisations were invited to a round table conference to be held in Brussels on January 15th and 16th 2002.

Ruanda and the 'genocide bill' – The Brussels Assize Court sentenced on June 8th four Ruandese, 'the Butare Four', to 12 to 20 years' imprisonment for crimes against humanity committed during the 1994 civil war. The sentence was based upon the June 16th 1993 bill extending the jurisdiction of Belgian courts to crimes against humanity and genocide. Following worldwide publicity of the issue, charges were brought against a number of former and current heads of state, e.g. Pinochet (Chile), Rafsandjani (Iran), Kagame (Ruanda), Hoessein (Irak), Castro (Cuba), Gueï and Gbagbo (Ivory Coast), Biya (Cameroon), as well as against Palestine leader Arafat and Israeli Prime Minister Sharon. A revision of the genocide bill was increasingly considered necessary in view of possible diplomatic repercussions when persecuting a foreign head of state. On July 18th it became obvious the government was divided on the issue and would leave the initiative to parliament.

September 11th and Afghanistan – Immediately after the terrorist strikes on the WTC towers in New York and the Pentagon, crisis consultations were held with police and security services. The US and Israeli embassies, the NATO headquarters in Evere and a number of other sites received additional surveillance.
On September 12th Belgium assented to the activation of clause 5 of the NATO treaty, provided foreign responsibility for the attacks was established. Clause 5 conceives an armed strike against one or more NATO member states as aimed at all member states, resulting in the obligatory assistence of the injured party. The Belgian assent was preceded by lengthy and tense deliberations in the inner cabinet, the green parties and SP.A opposing the interpretation of the terrorist strikes as an act of war. Prime Minister Verhofstadt pledged Belgium's solidarity with the US and promised a frigate, two mine hunters and 47 pilots for AWACS planes in case of a strike against Afghanistan. Hours after the strike commenced, Verhofstadt reaffirmed Europe's support. He emphasised that it was not aimed at islam, nor at the Arabic world, but at international terrorism.
By October 13th support for the bombardments was dwindling within the green parties and the SP.A. At the informal EU summit suspension of the military operations was not considered, however, though there was resentment among member states over Germany, France and Britain's preliminary consultations.

Former Yugoslavia – The armed forces participated like in previous years with a 1.100 persons contingent in KFOR, the NATO peace operation in Kosovo. Elsewhere in the Balkan area smaller units were involved. On August 20th Joint Falcon, the peace supporting operation in the Bosnian and Kosovar skies came to an end. The Belgian air forces had contributed four F-16 planes and a detachment of 70 persons since October 11th 1996.

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B. Defence

In implementation of the 2000-2015 Strategic Plan for the Modernisation of the Belgian Army, aiming to reduce personnel from 47.350 to 39.500, a list of 19 military sites was presented for closure by 2002. The repatriation of Belgian forces from Germany would take place, on request of military personnel, during the 2002, 2003 and 2004 summer holidays. The land, air, naval and medical forces were to be integrated under one general staff.
In February rumors leaked out that the government had decided on December 15th 2000 not to include economic compensatory measures in military acquisitions any more. Objection rose within the Belgian Defence and Security Industry, Belgospace, the Flemish Aerospace Group and the Socio-Economic Council Flanders. Tense negotiations led to a compromise : economic compensations would not count for more than 15 % in the decision-making and only if two or more offers existed of similar quality and price.

IX. Other events and developments

Government – In anticipation of the regionalisation of agricultural policy from January 1st 2002, Jaak Gabriëls (VLD) resigned as a minister. To restore linguistic parity, secretary of state Annemie Neyts became a full minister and was charged with agriculture for the time being. Policy on small enterprises was added to Rik Daems' portfolio as minister of telecommunication and public enterprises.
Royal family – On October 25th in the Erasmus hospital in Anderlecht princess Elisabeth Thérèse Marie Hélène was born, first child of crown prince Filip and princess Mathilde. She is second in the line of succession. On King's Day (November 15th) the N-VA, the former Volksunie, proposed to deprive the King of all political competences. Three Flemish coalition partners (VLD, SP.A, Agalev) assented to a mere ceremonial role for the monarch, but the proposal was opposed by the PRL.

Euthanasia – Deliberation on three bills on euthanasia, palliative care and the establishment of an assessing committee continued after Christmas recess in the joint committees of Justice and Social Affairs in the Senate. On January 14th the committees finally adopted article 3, that stipulates the conditions vis-à-vis terminal and non-terminal patients and doctors under which euthanasia is not considered a criminal offence. The Council of State ruled on June 20th it didn't contradict the right to live guaranteed by international treaties. The Council did, however, comment on the difficulty to discern mercy killing from other medical actions and on a criminal law regulation for medically assisted suicide. On October 25th the Senate adopted both the bills on palliative care and euthanasia. Three majority members cross-voted and two abstained. The proposal for an assessing committee was incorporated in the euthanasia bill.

Lumumba Committee – On February 24th a special committee was established in the Chamber to investigate the circumstances that led to the murder of Patrice

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Lumumba, Congo's first government leader upon gaining independence. Immediate cause was the publication of *De moord op Lumumba*, in which Ludo De Witte denounced the government Eyskens' involvement. Assisted by four historians and upon hearing numerous witnesses, the committee admitted the government's moral responsibility for the circumstances leading to Lumuba's demise. A direct involvement was, however, not founded by the evidence. Rumors of King Baudouin's involvement were contradicted by the committee's chairman Geert Versnick.

BSE, FMD and the dioxine crisis – The expansion of B.S.E or mad cow disease that had struck various European countries in December 2000, continued to badger the government throughout the first months of 2001. The costs for obligatory tests would be borne by the government, an additional € 60 million would be released to compensate farmers. In 2001 46 cases were discovered leading to the disposal of all animals concerned.
In February and March sweeping measures were necessary to stem the foot and mouth disease that erupted in the United Kingdom. A ban on all transport was called and the cattle markets were closed for a week. In addition, the Dutch border was closely monitored. As a result, Belgium was spared.

X. Developments in the political parties

Volksunie – As a result of the Lambermont agreement, factional dispute flared within the Volksunie throughout 2001.[3] One faction was headed by party president Geert Bourgeois. It sought to harden the party's Flemish-nationalist stance and opposed the Lambermont agreement, as well as the alliance with ID21. The other enlisted former presidents Bert Anciaux and Patrik Vankrunkelsven. Judging the Flemish nationalism's electoral appeal too weak, it attempted to be part of a broader, left-liberal project in consultation or cooperation with other parties.
Bourgeois' criticism of the agreement and of the bills seeking to implement it, that were negotiated by Anciaux and Vankrunkelsven, was ill received in the party. His decision to seek to reverse the party bureau's assent to the Lambermont agreement, led to his resignation. Nevertheless, his opposition to the agreement was shared by the party council on January 30th, when it defeated two bills implementing the agreement. The tense confrontation made it unlikely the party could recover. Even so an attempt at reconciliation was made. Borginon assumed the party presidency in the interim. The party presidency election was postponed to the fall. Even the adoption of the Lambermont agreement by the party council on May 2nd could not stem speculation on a possible alliance of the group Anciaux-Vankrunkelsven with the VLD or SP. Minister Sauwens' resignation over his presence on a meeting of the Saint-Maarten Fund caused further tension between the VU and ID21. The latter's lack of confidence in Sauwens led the alliance to crumble on May 15th.

[3] For a more detailed overview of the Volkunie's protracted demise, see in this Yearbook : J. NOPPE and B. WAUTERS, 'Het uiteenvallen van de Volksunie en de opkomst van de N-VA en Spirit : een chronologisch en morfologisch overzicht (juni 1999 - juli 2002)', pp. 397-471.

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On June 21st the party bureau decided to entrust the membership with the choice on the party's future, feeling reconciliation was unlikely at most in particular after members of the Bourgeois group voted against the Lambermont agreement in the Chamber. At stake was the party's patrimony, the means available from party financing and the ability to continue to use the Volksunie party name. On September 15th, the group *Vlaams-Nationaal* (Bourgeois) carried the postal referendum with 47.2 % of the votes. The *Future Group* (Anciaux) obtained 22.6 % and a group in the middle opposing the party's demise got 30.2 %. Failing to obtain half of the votes, Vlaams-Nationaal chose to continue under the name 'Nieuw-Vlaamse Alliantie'. The Future Group and ID21 merged into Spirit, meaning social, progressive, international, regionalist, integral-democratic and future-oriented. Most of the middle group sought admission to one formation or the other. A notable exception was Sauwens who became a christian-democrat.

CVP/CD&V – CDV, the movement seeking rejuvenation and renewal headed by former president Johan Van Hecke, announced it was to act as a future-oriented beehive within the party on the request of president Stefaan De Clerck. In anticipation of the September congress, a political project was presented on May 14th and subsequently deliberated on in the constituency parties. Nevertheless, there was increasing criticism within the party on the renewal process' slow progress. Rumors were heard of a rearguard guerilla against De Clerck headed by Eric and Herman Van Rompuy and Hugo Vandenberghe. Yet, criticism was also directed at Van Hecke by De Clerck.
In response to the rank and file's growing concern a committee was charged to elaborate the summary program 'every person counts'. Over two hundred policy proposals were adopted by the party bureau on September 4th and deliberated on in the parliamentary parties. The party congress on September 28-29th assented to open up marriage for persons of the same gender and a confederal state. Suffrage for immigrants was rejected. In addition, the party was reorganised and the name was changed to CD&V. Observers agreed De Clerck's position in the party was reinforced as a result.
In the meantime, De Clerck continued to reject proposals to seek a rapprochement to the VLD. Rivalries came to a head over a bizarre telephone call between Van Hecke and VLD-president De Gucht, overheard by De Clerck. As a result, Van Hecke was forced to leave the party and established the NCD (New Christian Democracy). He was rejoined by Karel Pinxten, Reginald Moreels, Luc Willems, Paul Staes and eleven members of the youngsters' Yanko group.

VLD – On April 21st Karel De Gucht was elected party president by 86.14 % of the votes. He faced repeated pleas to hold the party to a more conservative course, in particular from the Antwerp constituency party. MEP Ward Beysen, as well as constituency party president Ludo Van Campenhout urged the party to open up to voters from the Vlaams Blok. On October 29th De Gucht received a mandate to seek ouvertures to the NCD, as well as former Volksunie members. Former Blok mandataries were excluded.

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SP/SP.A – On January 13th president Patrick Janssens presented his strategy to renew the party along the twin lines of 'equal opportunities' and 'an open party' to the constituency parties. In addition, the party name was changed to SP.A, meaning 'SP-but different'. He was reelected president by the party membership, obtaining 82.5 % of the votes. He was the sole candidate.

Vlaams Blok – On February 4th Frank Vanhecke was reelected president by the party council. He, too, was the sole candidate. Vice-president Roeland Raes was forced to resign, when he estimated the number of holocaust casualties 'strongly exaggerated' on Dutch television. He resigned from the Senate and the Ghent University's board of directors as well.
On February 7th the Court of Arbitration rejected the Vlaams Blok's appeal to nullify the attempt to suspend the party's government dotations. Nevertheless, it provided a strict interpretation of a 'hostile' attitude towards the European Human Rights Treaty. The Brussels' court, thus, ruled itself incompetent on the party's alleged violations of the anti-discrimination act, claiming it is a political offence to be held before an Assize Court. On September 15th a 'new' program on immigrants was adopted, replacing the controversial 1992 70-points program.

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The picture on the front page of the Yearbook shows the four chairmen of the francophone political parties on June 5, 2001 at the «Hertoginnendal» in Brussels signing an agreement that regulates the partition of the additional means for the French speaking Community, obtained by the 'Lambermont Agreement'. As a result of this chairmen agreement the PSC gave up its opposition against the 'Lambermont Agreement'.
From left to right : Daniël Ducarme (PRL), Joëlle Milquet (PSC), Elio Di Rupo (PS) and Jacques Baudouin (one of the three federal secretaries of Ecolo).

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