SOCIAL INSURANCE AND THE POLITICS OF FEDERALISM IN BELGIUM

Daniel Béland is Canada Research Chair in Public Policy and Professor at the Johnson-Shoyama Graduate School of Public Policy (University of Saskatchewan campus). A political sociologist studying policy development from an historical, political, and comparative perspective, he has published 9 books and more than 70 articles in peer-reviewed journals. In addition to his academic work, Professor Béland has participated in training sessions for civil servants, provided policy advice to government officials, and testified in front of the Standing Committee on Finance of the House of Commons. For more information, please visit his website: http://www.danielbeland.org.

André Lecours is Professor in the School of Political Studies at the University of Ottawa. His main research interests are Canadian politics, European politics, nationalism (with a focus on Quebec, Scotland, Flanders, Catalonia and the Basque country) and federalism. He is the editor of *New Institutionalism. Theory and Analysis* published by the University of Toronto Press in 2005, the author of *Basque Nationalism and the Spanish State* (University of Nevada Press, 2007), and the co-author (with Daniel Béland) of *Nationalism and Social Policy. The Politics of Territorial Solidarity* (Oxford University Press, 2008).

Daniel Béland est titulaire de la Chaire de recherche du Canada en politiques publiques et Professeur à la Johnson-Shoyama Graduate School of Public Policy (campus de l'Université de la Saskatchewan). Un sociologue qui étudie l'élaboration des politiques à partir d'une perspective historique, politique et comparative, il a publié 9 livres et plus de 70 articles dans des revues avec comité de lecture. En plus de son travail universitaire, il a participé à des sessions de formation pour les fonctionnaires, fourni des conseils aux responsables gouvernementaux et témoigné devant le Comité permanent des finances de la Chambre des communes. Pour plus d'informations, veuillez visiter son site web : http://www.danielbeland.org.

André Lecours est professeur à l'École d'études politiques de l'Université d'Ottawa. Ses principaux intérêts de recherche sont la politique canadienne, la politique européenne, le nationalisme (avec un accent sur le Québec, l'Ecosse, la Flandre, la Catalogne et le Pays basque) et le fédéralisme. Il est le rédacteur en chef de *New Institutionalism. Theory & Analysis* publié par University of Toronto Press en 2005, auteur de *Basque Nationalism and the Spanish State* (University of Nevada Press, 2007), et le co-auteur (avec Daniel Béland) de *Nationalism and Social Policy. The Politics of Territorial Solidarity* (Oxford University Press, 2008).

ABSTRACT

The objective of this short article is to provide the necessary historical and institutional background to shed light on the debate about the decentralization of Social Security in Belgium before exploring the meaning of the recent political crisis and its resolution through the formation of a federal government in December 2011. It is argued that the politics of the federalism-social policy nexus is an enduring source of political tensions that played a major role in the long discussions leading to the formation of the new federal government in 2011. The authors suggest that institutional design, especially the decision to split parties in the 1960s, has created a decentralizing logic that is ever present within the Flemish political elite. This logic clashes with the positions of Francophone parties, who have thus far resisted a large-scale decentralization of Social Security.

RÉSUMÉ

L'objectif de ce court article est de fournir le contexte historique et institutionnel nécessaire pour faire la lumière sur le débat concernant la décentralisation de la sécurité sociale en Belgique avant d'explorer le sens de la récente crise politique et sa résolution par la formation d'un gouvernement fédéral en Décembre 2011. On fait valoir que la politique du lien fédéralisme-social est une source permanente de tensions politiques qui a joué un rôle majeur dans les longues discussions menant à la formation du nouveau gouvernement fédéral en 2011. Les auteurs suggèrent que la conception institutionnelle, en particulier la décision de diviser les partis dans les années 1960, a créé une logique de décentralisation qui est toujours présente au sein de l'élite politique flamande. Cette logique entre en conflit avec les positions des partis francophones, qui ont jusqu'à présent résisté à une décentralisation à grande échelle de la Sécurité sociale.

INTRODUCTION

The reform of federalism is a most contentious issue in Belgium, a country where politicians representing the Flemish, Dutch-speaking majority, have long pushed for a greater decentralization of the country's institutions and public policies. This is the case in the field of social policy, where the decentralization of Belgium's large social insurance system (Social Security) has been on the agenda since the 1990s. In the context of the long political crisis that followed the June 2010 election, the decentralization of part of this system became a central aspect of the negotiations among Flemish and Francophone parties to form a government and reach an agreement over what is known in Belgium as "state reform." The objective of this short article is to provide the necessary historical and institutional background to shed light on the debate about the decentralization of Social Security in Belgium before exploring the meaning of the recent political crisis and its resolution through the formation of a federal government in December 2011.

FEDERALISM AND SOCIAL POLICY IN BELGIUM[1]

The Belgian state was created as the result of a revolution that saw populations living on the territories of present-day Belgium (both French- and Dutch-speaking but all Catholic) secede from the Protestant Kingdom of the Netherlands in 1830. The Belgian revolution was dominated by the French-speaking bourgeoisie but received support from the Flemish clergy and petty bourgeoisie, which spoke French at the time (Beaufays, 1988). The new country emerged as a highly centralized polity dominated by a French-speaking elite. It is in this centralized context that the Flemish Movement emerged (Wils, 1996). At first, the Flemish Movement sought to end the hegemony of French by making Dutch one of the official languages of Belgium (the new country had no official language originally, but French was the dominant language in public life). It was only in 1898 that the formal equality of Dutch and French was recognized through the enactment of the *De Vriendt-Coremans Law*. By then, strong opposition to bilingualism on the part of Francophones had helped transform the Flemish Movement from a movement seeking to restructure the Belgian state to one increasingly articulating a distinct Flemish cultural and political identity (Deschouwer and Jans, 2001). Language issues remained central to the Flemish Movement during the first decades of the twentieth century. In the end, the country was divided into monolingual regions. In Flanders, it was widely believed that the exclusive use of Dutch would open up social, economic, and political opportunities for Flemings. After World War II, struggles over language policy proved enduring. This is most likely why social policy issues only began to move onto the agenda of Flemish parties in the 1980s, when most of the language-related issues had been solved. For the first time, Flanders had become more prosperous than Wallonia, where deindustrialization created a long-term economic crisis. Thus, by the 1980s, Flanders had not only the largest population but was economically and fiscally stronger than Wallonia (Béland and Lecours, 2008).

It is in this context that Flemish politicians began highlighting the fiscal and social service transfers between the North and the South. To understand these criticisms, it is important to point out that the successive waves of institutional reforms that gradually decentralized Belgium starting in 1970 did not reshape the country's large social insurance system, which is known as Social Security. Although many policy fields have since been decentralized and Belgium formally became a federal state in 1993, Social Security, the core of the Belgium social policy system, remains untouched, at least from a territorial standpoint. Like in countries such as France and Germany, social insurance in Belgium is fragmented among occupational groups but it remains a country-wide system regulated by the central government (for an historical outlook: Vanthemsche, 1994). Pressures to decentralize this system are strong in Flanders. In a country where political parties split among language lines back in the 1960s, there is no real unified public space in Belgium anymore, and Flemish politicians only speak to Flemings. Because they do not need to seek votes from Francophones living in the South, the focus of these politicians has increasingly been on the regional interests of Flemings and the perceived unfairness of inter-regional transfers. As a consequence, it is good politics to denounce North-South fiscal and Social Security transfers. Although the true scope of these transfers is contested, a growing number of voices in Flanders have called for a splitting of at least some components of Social Security (Poirier and Vansteenkiste, 2000). Francophones generally oppose this, as they seek to preserve the territorial redistribution they benefit from in the context of the country-wide social insurance system, which addresses clear social needs in the economically depressed South. For many Francophones, Social Security has also become more than a tool of economic solidarity and territorial redistribution (Poirier and Vansteenkiste, 2000). It is now seen as one of the few things that keep the country together and, in Wallonia at least, mentions by Flemish leaders of federalizing Social Security is understood as a move towards a final and irrevocable national divorce. For many Francophones, however, this system is one of the last vectors of national unity and solidarity in a country they view as threatened by centrifugal forces. Flemings, in contrast, are increasingly more focused on Flanders than on Belgium

as a whole, even if most do not support the independence of Flanders. Largely because Francophone elected officials have a veto point over "state reform" within Belgium's complicated political system, the territorial splitting of Social Security in Belgium remains an unfulfilled project for Flemish parties (Béland and Lecours, 2008).

THE POLITICAL CRISIS, THE AGREEMENT ON "STATE REFORM" AND THE FORMATION OF A NEW GOVERNMENT

The debate over the federalization of Social Security has taken immense political importance over the last few years insofar as it has been a major contributor to the difficulty of forming governments. Indeed, constitutional rules stipulate that federal cabinets must feature an equal number of Flemish and Francophone ministers, which means that governing coalitions must include both Flemish and Francophone parties. As Flemish parties have increased their pressure to decentralize at least some parts of Social Security while their Francophone counterparts staunchly defended the status quo, government formation at the federal level has become a very tricky proposition in Belgium.

The campaign prior to the June 13, 2010 federal elections exhibited a familiar dynamic. In Flanders, political parties, led by the surging nationalist *Nieuw-Vlaamse Alliantie* (N-VA), took strong Flanders-focused positions that featured the splitting of the bilingual electoral riding of Brussel-Halle-Vilvoorde/Bruxelles-Hal-Vilvorde (BHV) as well as the decentralization of at least some elements of Social Security. Francophone parties opposed these proposed changes. The results of the elections created a complicated dynamic for subsequent negotiations over government formation since the predictable Socialist win in Wallonia was accompanied by a more surprising victory of N-VA in Flanders. N-VA's maximalist position on state reform was immediately a problem for Francophone parties and no real progress was made for over a year, or until the other Flemish parties accepted to negotiate with Francophone parties without N-VA.

In September 2011, the Francophone and Flemish parties (excluding N-VA) finally agreed on a package of state reform that opened the way towards the formation of a government more than a year and a half after the last federal elections. This package involves the decentralization of a relatively minor component of Social Security, family allowances, as well as greater fiscal autonomy for Belgium's constituent units. These reforms met some of the decentralist demands of Flemish parties. Francophone parties, for their part, saw it that increased fiscal autonomy for the Communities and Regions (which will hurt poorer Wallonia) be accompanied by a mechanism of "solidarity," which will compensate Wallonia for its losses during the first 10 years following the implementation of the reform.

On December 6, 2011, the new Belgian government was sworn in following a December 1 agreement on "political agenda" (*Projet de Déclaration de Politique Générale*). This agenda presents a focus on fiscal retrenchment combined with the implementation of state reforms linked to decentralization and greater fiscal autonomy of the Regions and Communities as well as projects of social and economic policy reform designed to tackle long-term problems such as population ageing.

The question of where Social Security fits within Belgium federalism still remains open. Flemish positions and discourse in favor of further Social Security decentralization are unlikely to change. Flemish parties, especially the N-VA as well as the Liberals and Christian-Democrats are focused on building up Flanders as a political community; this requires bringing the boundaries of redistribution in line with the boundaries of the Flemish community. From a discursive perspective, highlighting the transfers of money from Flanders to Wallonia and the lack of efficiency of a centrally-run Social Security will, in all likelihood, remain persuasive for many Flemings. From now on, it is clear that Francophone refusals to agree to further Social Security change will jeopardize government formation and risks placing the country in a delicate position after every federal election. Therefore, although Francophones understand the importance of Social Security for holding Belgium together as a political community, a rigid position can lead Flemish parties to radicalize and further the argument that Belgium simply cannot function as a federal country. Indeed, the different visions of the country and of federalism held by the two communities make is a major issue as Flemings see federalism as a dynamic process while Francophones would like every new reform to be the last one.

The current dynamics surrounding the territorial aspects of Social Security are therefore strongly entrenched in Belgium and a change in the politics of territorial solidarity is hard to foresee. Where could we look to spot possibilities, if only remote, that a change away from confrontation and conflict over the territorial structuring of Social Security could occur in Belgium? The Belgian government created in late 2011 is different in at least one fundamental way from its predecessors since the 1970s insofar as it is led by a Francophone, Socialist Elio Di Rupo. From this position of power and national responsibility, it might be more difficult for Francophone Socialists to keep saying "no" to Flemish demands for change, in Social Security and beyond. The nature of this government also means that in future negotiations over government formation, there will be a recent precedent

for a Francophone Prime Minister. Consequently, a party like the N-VA will not be able to assume that it can force through its agenda even if it wins the elections in Flanders and, in doing so, hold all of the other parties hostage to its maximalist positions as was the case after the 2010 elections, while Francophone parties might more readily accept change if a Francophone politician has access to the position of Prime Minister.

CONCLUSION

In Belgium, as evidenced in this article, the politics of the federalism-social policy nexus is an enduring source of political tensions that played a major role in the long discussions leading to the formation of the new federal government in December 2011. As suggested here, institutional design, especially the decision to split parties in the 1960s, has created a decentralizing logic that is ever present within the Flemish political elite. This logic clashes with the positions of Francophone parties, who have thus far resisted a large-scale decentralization of Social Security.

NOTES

[1] The following section draws on Béland and Lecours, 2008.

REFERENCES

Beaufays, Jean. [1988] "Belgium: A Dualist Political System?" *Publius: A Journal of Federalism* 18(2): 63-73.

Béland, Daniel and André Lecours. [2008] *Nationalism and Social Policy: The Politics of Territorial Solidarity.* Oxford: Oxford University Press.

Deschouwer, Kris and Theo Maarten Jans. [2001] "L'avenir des institutions, vu de Flandre," in André Leton (ed), *La Belgique: Un État fédéral en évolution.* Brussels: Bruylant.

Poirier, Johanne and Steven Vansteenkiste. [2000] "Le débat sur la fédéralisation de la sécurité sociale en Belgique: Le miroir du vouloir-vivre ensemble?" *Revue belge de sécurité sociale* 42(2): 331-79.

Vanthemsche, Guy. [1994] *La sécurité sociale: Les origines du système belge. Le présent face à son passé.* Brussels: DeBoeck.

Wils, Lode. [1996] *Histoire des nations belges.* Ottignies, LLN: Quorum.