

## Belgian Politics in 1984 : The Electoral Temptation

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Democracy and elections : one is unthinkable without the other. At least in Western political systems, where elections are still the moment above all when citizens can express their political opinion and designate the « representatives of the people ». If elections constitute the most important opportunity for citizens to express their political options, they are also crucial and very difficult moments in the democratic process for politicians and political parties alike. Indeed, elections go hand in hand with the gain or loss of a mandate, victory or defeat for a political party, the acquisition or loss of a political majority, the opportunity to govern or relegation to the opposition, the possibility of continuing or revoking political policies. When political parties and their representatives try and win the favour of the electorate, electoralism is very often the result. Decisions are delayed or made anticipatively, so as to please or even avoid displeasing the voter.

Belgian political life in this review year has been strongly influenced by the prospect of parliamentary elections in 1985. The Christian Democrat Liberal Martens V cabinet, formed on 17th December 1981, made it clear from the outset that it wanted to put an end to the governmental instability which had been afflicting Belgian political life since 1977. The Martens V Government therefore has the declared objective of lasting out the entire term of the legislature and it looks as if it will succeed in its endeavour. The next parliamentary elections are accordingly to take place in 1985 and it is already apparent now that the stakes will be extremely high. More than once Prime Minister Martens (CVP) and other politicians of the majority have stressed that the socio-economic crisis policy will have to be continued after the next parliamentary elections. According to the coalition partners there is no alter-

native to this income moderation. And although the Government can claim a favourable assessment as to its policies on the part of international economic bodies such as the IMF and the OESO, nevertheless this is a matter of some controversy in Belgian public opinion. The economic results boasted so far by the Government — recovery of competitiveness in business, reduction of the deficit on the balance of payments, recovery of investments and the retreat of inflation — apparently make little or no impression on the average citizen (1). The latter seems to be more interested in the results of government policy on the social and fiscal level. And it is exactly with regards to these two areas that the Martens V Government cannot make the tide turn. Despite the « slowing down of the rise » of unemployment in 1983 and its « stabilization » in 1984, more than 500,000 Belgians remained unemployed, a post-war record. Furthermore, the measures of the *Budget Savings Plan*, developed in March, supposed to reorganize government spending, have once again increased the fiscal and, more particularly, the para-fiscal pressure.

What opinion polls had been hinting at for some time, was confirmed at the European elections, which brought no electoral success for the coalition partners. If these elections had been national ones, the government parties would have lost their majority. Fear of having to pay the price at the next parliamentary elections for the far from popular austerity policy, increased tensions between Christian Democrats and Liberals, and interfered with government administration. The growing distrust and nervousness have already become apparent during the drawing up of the 1985 draft-budget. Regardless of the credibility of this draft-budget, the overall impression has been that it was used in the first place, by Christian Democrats as well as Liberals, to push through before the next elections, certain items of their programme which had very little to do with the state finances.

As the year went by, the socio-economic objectives of the centre-right cabinet became more and more overshadowed by a series of other problems: the slowed down treatment of the recovery laws, the Happort dossier, the government reshuffle, the difficulties in the School Pact Commission and the announced updating of the government programme. The

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(1) An opinion-poll commissioned by J.-L. Dehaene (CVP), Minister of Social Affairs, showed that 42 % of those questioned thought contributions were useless, 19 % considered them inevitable, and a further 19 % was of the opinion that they worsened the economic situation. A small minority, 20 %, took a positive view of the contributions. A remarkable fact brought out by this enquiry was that more Flemish than Walloons labelled the contributions useless (49 % vs. 33 %), despite the fact that the government parties have a larger majority in Flanders than in Wallonia.

two main problem areas have not even been included in this enumeration, namely the installation of 48 cruise missiles on Belgian territory, a discussion point with which the Christian Democratic coalition partner had a lot of trouble, and the demand for tax reduction which the Liberals want to see realized before the 1985 elections. At the end of 1984, it looked as though these two problems would become the main sticking-point for the last year of term of the Martens V Cabinet and would grow to be the central issues of the 1985 election campaign.

**1. Communitarian problems : Happart, the Galle bill, national economic sectors and government purchases.**

The communitarian struggles, which on several occasions seriously endangered the Martens V Government in 1983, weighed less on the political activity of the past year. Nevertheless, they continued to capture attention in 1984. The Happart affair and the Galle bill are in essence linguistic problems : the language use of political mandatories in municipalities where the law provides facilities for Dutch-speaking or French-speaking minorities. The Government did not change the tactics successfully tried in 1983 concerning these two problems. By referring them to the Council of State and/or the Court of Arbitration, the divided coalition does not have to take a stand on these problems and they are temporarily defused as political friction points.

It has been known for some time that linguistic matters are no longer the only conflict area between Flemish and Walloons. The chief point of the Flemish-Walloon conflict has gradually transferred itself from the linguistic-political field to the economic field. The problem-areas of the so-called national economic sectors (steel, coal, textiles, ship-building and hollow glassware) have contributed greatly to this. These « national » economic sectors have two characteristics in common : with the exception of the hollow glassware sector, they are predominantly or even exclusively situated in one region and are (or were) struggling with severe financial problems. Two of these five sectors have again caused difficulties for the Government this year. Firstly, there was the financial burden of Walloon steel, which has been carried by successive governments since 1978. Besides that, there was the new problem of the Kempen (and Flemish) coal mines. Noteworthy were the reactions of Flemish public opinion and parties to the financial needs of the coal sector and the resulting reorganization plan. In essence they differed little from the answer in Wallonia to the reorganization plan for Cockerill-Sambre.

A relatively new field in which Flanders and Wallonia compete with each other is that of government purchases. The modernization of the telephone network and the purchase of army jeeps constituted the two most important dossiers of the last year. They will certainly not be the last. A number of new dossiers (such as the order for army helicopters) remain in store. The fundamental question which arises here is whether the Government, in using the globalization technique which it applies to such dossiers and by which the orders and compensations are proportionally distributed over the regions, does not in fact distort the rules of economic competition and does not increase the mixing of political and economic interests.

### 1.1. *The Happart affair.*

In one respect, the first weeks of this year closely resembled those of 1983. Like then, the communitarian dossier Voeren dominated the political news. The problem concerns the appointment of the burgomaster in this Flemish linguistic-border municipality with facilities for French-speakers. After the 1982 municipal elections the majority list Return to Liège (*Retour à Liège*) put forward the French-speaking J. Happart as candidate-burgomaster. The Flemish parties put pressure on Ch.-F. Nothomb (PSC), Minister of Internal Affairs, who in principle only proposes such appointments to the King, to reject J. Happart's candidacy because of his ignorance of Dutch. During the entire month of January, the Government spent all its energy trying to come to a compromise between the sharply divided majority in this matter. The compromise reached in February 1983 stipulated that J. Happart was only to be appointed as burgomaster of Voeren on 31st December, together with a Flemish adjunct-commissioner who would exercise a kind of supervisory function and who was to guard the interests of the Flemish Voer residents. At the same time Prime Minister Martens let it be understood that J. Happart had entered into a (verbal) agreement with the Minister of Internal Affairs to learn Dutch. Previous to that, another government compromise, by which Voeren was to be transferred from the unilingual province of Limburg to the bilingual province of Brabant, had been rejected by the Flemish majority parties.

Thus Voeren became the symbol of the Flemish-Walloon linguistic struggle. For the Flemish the matter illustrates « French-speaking arrogance » and for the Walloons it is proof of « Flemish dominance in the Belgian state » (2).

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(2) For a more detailed description of the origin and evolution of the Voeren problem, see J. SMITS, « Belgian Politics in 1983 : Communitarian Struggles Despite the Economic Crisis », in *Res Publica*, 1984, nr. 4, pp. 477-478.

The postponement of J. Happart's appointment was in fact a purely formal decision since he had been, in his capacity of chief alderman, acting burgomaster since 1st January 1983. Awaiting his definitive nomination, J. Happart kept a low profile and the situation in Voeren, with the exception of a few demonstrations and incidents, remained relatively calm. This, however, quickly changed at the beginning of 1984. It started with the treatment of a complaint from Flemish Voer residents against J. Happart before the Executive Council of the Province of Limburg (3). Arguing his insufficient knowledge of Dutch, they demanded the annulment of Happart's mandate as municipal councillor and hence of his burgomastership. J. Happart reacted immediately with a countermove. He decided to transfer a nursery class of Flemish children to a smaller classroom to the benefit of French-speaking children. The governor of the Province of Limburg repealed this decision and the Executive Council summoned J. Happart to appear before them on 19th February and to prove his knowledge of Dutch. The Voeren burgomaster did not turn up however; he preferred to give a press conference at the « Maison de la Francité » in Paris on the problems of the Voer. The Executive Council decided to withdraw the Voeren burgomaster's mandate as municipal councillor. J. Happart appealed this decision to the Council of State, with the result that the decision of the Executive Council was repealed.

In November Voeren again made the political headlines. At the municipal council meeting of November 18th, J. Happart had the Flemish opposition member H. Broers (CVP) arrested by the police on the charge of « theft of municipal documents ». The Limburg governor then decided to annul all decisions pertaining to the meeting in question on the basis of « procedural errors ». It was up to Ch.-F. Nothomb, Minister of Internal Affairs, who according to the Flemish parties takes much too lenient an attitude with regard to J. Happart, to ratify or not the annulment decision. This matter caused discord within the majority parties. The CVP insisted that the annulment decision of the Limburg governor be maintained and at the same time demanded that the Minister of Internal Affairs reprimand J. Happart. The French-speaking Liberals reacted by threatening the non-approval of the fiscal recovery law, under discussion in the Chamber at that very moment. The situation was defused after discussion between the Government and the Parliamentary leaders of the majority parties. The CVP carried the day.

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(3) The Executive Council is responsible for the day-to-day administration of the province. The governor is the King's representative in the province, chairs the Executive Council and supervises the municipalities.

Ch.-F. Nothomb ratified the annulment decision and urged the Voeren burgomaster to respect the legal order in his municipality.

At the end of 1984, the Council of State still had not passed judgment in the Happart case. On 18th December however, the auditor advised the Council to annul the decision of the Limburg Executive Council to remove J. Happart as municipal councillor on the basis that linguistic knowledge is no election prerequisite according to the constitution. By having the Council of State handling the case, the Government did not have to take a stand in the matter. Whether such a «refrigerating technique» has any tactical part to play in settling this linguistic problem, only the future can tell. The past (among other things the Leuven-Flemish matter) has shown this technique not to be without risks, however. Problems are not solved by putting them off to another day. The Government can only hope that by referring the matter to an administrative legal body, such as the Council of State, it will acquire a strong legal and, therefore, complicated character. For the citizens this means that the problem becomes muddy and unclear, thus gradually coming to be depoliticized.

The national issue underlying this local conflict concerns the status of the Flemish linguistic-border municipalities with facilities for French-speaking residents. An alteration in the linguistic status of Voeren would mean a breakthrough for the French-speakers in their attempts to frenchify the Flemish linguistic-border municipalities. The «reconciliation proposal» announced by J. Happart at the end of November indeed went in that direction. He declared himself willing to relinquish his burgomastership on the condition that Voeren acquire a totally bilingual status. The chance of the two main protagonists in this conflict — Walloon Socialists and Flemish Christian Democrats — winning the hand, is however relatively small. The Walloon Socialists, the most important political defenders of J. Happart, should not have too many illusions as far as changing the linguistic status of Voeren is concerned. This would require a majority in Flanders and the Flemish parties have repeatedly underlined that the borders of the Flemish region are not a negotiable matter. The CVP for its part prides itself on the fact that it can undo J. Happart's burgomastership. However, even if the Council of State were to finally declare J. Happart's mandate void, it may be taken as certain that the French-speaking parties will not accept this decision willingly.

### 1.2. *The Galle bill.*

A problem very similar in theme and treatment to the Voeren matter, is the bill proposed by the Flemish Socialist, M. Galle. The bill sub-

mitted in June 1983 stipulates that knowledge of the language of the region is obligatory for political mandatories in the municipalities with facilities: knowledge of the language of the region has to be demonstrated by a diploma or certificate, or, failing that, by an examination. Here too, people in favour or against this proposal are divided along the linguistic cleavage, even in the Government.

So as not to cause any trouble for the Government, the Flemish majority parties firstly declined to discuss the Galle bill in Parliament. As with the Happart affair, the Council of State was used to neutralize the problem, at least temporarily. J. Defraigne (PRL), President of the Chamber, referred the bill to the Council of State for advice. Before this advice became known, and much against the will of the Government, the question of the debatability of the bill came to a vote in Parliament on January 19th 1984. The Flemish members of the Chamber, with the exception of the Flemish national ministers who abstained, voted in favour, the French-speaking members of the Chamber, including the French-speaking national ministers, against. Due to the preponderance of Flemish members of Parliament, the bill was accepted and normally should have been discussed during the following weeks by the Chamber Commission for Internal Affairs as a matter of extreme urgency. There threatened to be a rift in the Government, however, because the French-speaking parties threatened, after the vote on debatability, to use the « alarm bell » procedure (4) when the Galle bill was submitted for discussion in public session of the Chamber. The Council of State saved the Government by rendering its decision on the bill on February 3rd. The decision consisted of a compromise: on the one hand, the Galle bill was not in contradiction with the law, as claimed by the French-speakers, but, on the other hand, it was « superfluous » and, from a legal-technical point of view, « undesirable », thus giving the Flemish majority parties the opportunity to reject the further Parliamentary treatment of the Galle bill, which they did. The Council of State motivated its advice with the argument that knowledge of the language of the region for political mandatories directly

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(4) The so-called alarm procedure, set out in Art. 38b<sup>4</sup>s of the Constitution, stipulates that if one of the linguistic groups of the Chamber or Senate, after the report stage of a bill, but before the final vote in public session, tables a motion signed by at least three-quarters of its members, the parliamentary procedure is stopped. The motion is then transferred to the Ministerial Cabinet, which passes a decision giving reasons on the motion within 30 days, and invites the Chamber concerned to pronounce on it or on an amended text. Included in the Constitutional reform of 1970, the purpose of this procedure is to protect minorities. Up to now, it has never been used.

follows from the constitution. The Galle bill was not discussed again in 1984.

The problem-area remained in the headlines however. Further complaints were pending with the Council of State against a number of burgo-masters and municipal councillors of Brussels municipalities with facilities. Once again, it concerned Flemish complaints about ignorance of the Dutch language on the part of these political mandatories. Contrary to the Galle bill, the Council has not yet pronounced judgment on these dossiers, and this could still take some time. Indeed, the Council has the intention of referring these dossiers to the Court of Arbitration (5).

### 1.3. *The national economic sectors.*

#### 1.3.1. *Walloon steel.*

1983 was an important year for Walloon steel. The Government at that time decided to give the go-ahead for the execution of the « ultimate » reorganization plan of the Walloon steel company Cockerill-Sambre. This plan, worked out by the French manager, J. Gandois, was to restore the viability and the profitability of the high loss-making firm as from 1986. This was the date stipulated by the EEC, after which no more subsidies can (should) be given to the steel sector. The execution of the plan was made possible by the agreement reached by the Government on 16th July 1983 concerning the financing of the Gandois Plan, for which 27 billion of « fresh » money was needed. This money according to the agreement, would be raised by the « regionalization » of the national economic sectors. In real terms, this meant that any new financial backing for these sectors are to be at the cost of the region in which the firms in question are situated.

The execution of the reorganization plan made only very slow progress in the fall of 1983, although J. Gandois considered its swift realization vital to its success. Both the discussions with the banks on the financing of debts and new investments, and the negotiations with the trade unions on the social aspects of the reorganization, as well as the transposition of the political agreement into a text of law, made little or no progress. Concerning another aspect of the Gandois Plan, the cooperation agreements (or synergies) with other European steel firms, the Government reached a quicker, albeit partial, result. On 23rd January

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(5) The Court of Arbitration, founded in 1983 in application of the constitutional reform of 1980, has the task of resolving conflicts of jurisdiction between State, Communities and Regions. The Court was only set up on October 1st 1984.



1984, the Government concluded a convention with the Luxembourg steel firm *Arbed*. The convention stipulated the task distribution between Arbed, Cockerill-Sambre and the Flemish steel firm *Sidmar* in respect of production and investments in the medium and long-term. The agreement implied among other things the closure of *Valfil*, the most up-to-date branch of Cockerill-Sambre. Although within the intentions of J. Gandois and the Government, no cooperation agreement with the Dutch steel firm *Hoogovens* was reached.

A few weeks later, the Chambers approved the bill containing the legal translation of the political agreement of 26th July 1983. The fact that this took so much time was mainly due to the Council of State, which as many as three times gave a negative advice concerning the Governmental proposal. In this case, the Council was no « ally » of the Government, as it had been in the Happart matter and the Galle bill, but more an « adversary ». Remarkable in this context was the statement of J. Gol (PRL), Vice-Minister and Minister of Justice, who, after one of the negative decisions declared that « the Council had made a mistake ». Once again the problem of the political use of the Council's advice is clearly stated. Heeding this advice or not, depending on whether they coincide or go against the Government (or party) point of view, does not enhance the image of justice and independence of these administrative legal bodies. Moreover, lawyers had the distinct impression that the Government did not really go into the objections of the Council of State but tried to circumvent them with technicalities. This in no way reduced the complexity of the bill, quite the reverse. It did, however, give the bickering parties a chance to convince their supporters they were right. The law stipulates that any new financial means for the 5 national economic sectors has to come from the inheritance taxes of the regions. It also regulates the settling of communal and regional debts incurred in the past and provides the possibility for the Government to interfere in the wages and working conditions of the firms in question. Another not unimportant article of the law grants an indirect form of state guarantee to banks financing the reorganization of Cockerill-Sambre. It was therefore no coincidence that shortly after the approval of the law the Government reached an agreement with the banks concerning the financing terms (27th April 1984). The social aspect of the reorganization plan was completed a few months later. The Unions had always set as a condition that they would only negotiate when the financing of the Gandois Plan was settled. The social agreement concluded on 6th June implied, among other things, a loss of 8,900 jobs.

Despite the heavy consequences of the reorganization operation, things remained remarkably quiet in the Walloon steel basins. With resignation and powerlessness but also with bitterness, the steelworkers watched the completion of the steel dossier. In the second half of the year Cockerill-Sambre disappeared almost completely from the political headlines. The sharp and sometimes heated discussions between management and trade unions, majority and opposition, Flemish and Walloons, slowly died out. Instead, the first positive notes concerning the reorganization operation could be heard. If the positive international economic situation of the steel sector maintains itself in 1985, it looks like Cockerill-Sambre will have conquered its problems by 1986. This does not alter the fact that the price paid by the community and the Walloon steelworkers is extremely high.

### 1.3.2. *The Kempen coal mines.*

Another national sector which caused trouble for the Government this year was the coal sector. This happened rather unexpectedly. The main reorganization of this ancient industrial branch had already been carried out at the end of the fifties and during the second half of the sixties. The Walloon coal sector had been almost entirely wound down for that reason. In Flanders, a number of important mines in Limburg province, grouped under the enterprise Kempense Steenkoolmijnen (Kempen coal mines), remained open. Nevertheless, these mines are also unprofitable and the state, following the principle of nationalizing loss-making economic sectors as applied in Belgium, is making up for the financial deficits of the KS. The reason for this has to be sought mainly in the high unemployment in Limburg province and in the fact that coal is the only energy source Belgium possesses. Moreover, Belgium has not yet forgotten the strike of the Limburg miners when the Government in 1966 announced the closure of the *Zwartberg* mine. To the surprise of many, the miners did not willingly accept the Government decision. The actions of the striking Limburg miners were, according to Belgian standards, extreme. Incidents between demonstrating miners and Rijkswacht (State police) claimed two dead and numerous severely injured. Only when the Rijkswacht was replaced by the army, could order be restored in the Limburg mining area. Ever since, successive Governments have treated the KS extremely cautiously.

Hence the problem was not tackled by a politician. It was A. Leysen, the brand-new president of the Association of Belgian Enterprises (Verbond van Belgische Ondernemingen) (VBO-FEB), who, at the end of May, said in a television programme that «everybody thought and indeed said behind closed doors that the Limburg coalmines should be closed».

A statement which raised a great outcry and which at once placed the problem of the KS on the political agenda. The reactions in Flanders hardly differed from those in Wallonia concerning Walloon steel. Flemish ministers and members of Parliament hurried to reassure the Limburg miners of the continued existence of the KS and the Flemish political parties exhausted themselves in drawing up emergency plans and job opportunity programmes for Limburg. Another striking feature was the similarity in the answers of the trade unions: the losses of the KS could be diminished considerably by better management and by not handing out profitable activities to the private sector. The main argument put forward by Walloon politicians and trade union leaders during the debates on Cockerill-Sambre, was avidly taken over in Flanders: closure of the KS would cost the state more than maintaining them.

Nevertheless, M. Eyskens (CVP), Minister of Economic Affairs, made it clear that a further rationalization of the KS was inevitable. The reason for this, according to M. Eyskens, was to be sought in the lack of means to cover the future financial needs of the KS. Until the end of 1987, the KS can still make use of national credits, but after that the losses will have to be carried by the Flemish region, as the result of the agreement and law concerning regionalization of national economic sectors (cf above). Profits from the inheritance taxes, which will have to be dipped into, are estimated at 4 to 5 billion per year, whereas the financial needs of the KS amount to 8 to 10 billion per year. Not enough therefore to guarantee the continued existence of the KS in their present form.

In September, there were further waves when a KS management plan for reorganization was announced. The starting-point of the plan was a reduction in personnel of 3,000 employees, a production decrease, the closure of a number of pits and the scrapping of some previously-planned investments. Certain stipulations of the plan ran counter to a five-year plan drawn up in 1983, and approved by the Government, management and trade unions. The reaction to this new reorganization plan was predictable. The trade unions called on their members to strike and demonstrate, calls which were massively responded to by the miners. These actions resulted in the KS management withdrawing (temporarily?) its reorganization plan.

This certainly does not mark the end of difficulties for the KS. Future financial needs will no doubt become even more pressing and could aggravate the problem beyond control. The Flemish parties will then find themselves on the horns of a dilemma: either finance the KS further or free the necessary means for new investments. Both choices will

demand that certain sacrifices be made. Flanders could very well have its own Cockerill-Sambre one day.

#### 1.4. *Government purchases.*

The distribution of economic means over the regions has been a very sensitive point in Belgian politics ever since the beginning of the economic recession. The best known problem in this context is that of the 5 national economic sectors. As attitudes continue to harden, other economic sectors are drawn into the communitarization. Government contracts in the form of public investments and purchases have, for a number of years, been the particular object of a growing political struggle between Flanders, Wallonia and Brussels. The normal rules of economic competition very often have to make way for a policy of compensation between the regions.

The Martens V Government had, however, made it clear that it wanted to put a stop to this economic compensation policy. A clear stand on the subject was taken in its Government declaration. It read: « The state will not help create production capacities which would be in direct competition with those already existing in the sector in question ». Between dream and reality, however, there are regional interests to which the coalition partners do not seem to be insensitive. The modernization of the telephone network for the Regie van Telegrafie en Telefoon (RTT) (the Telecommunications Corporation) and the purchase of jeeps for the Belgian army, for example, clearly illustrate this.

In the tender for the digitalization of the telephone exchange, « the contract of the century » (cost-price more than 50 billion BF), the ITT daughter company *Bell Telephone Mfg. Co.* and *GTE-ATEA*, both situated in Flanders, are the candidates. Both companies have managed in the past to build up a monopoly situation concerning RTT orders, a position which is now being challenged by a number of other companies, claiming their share of the contract. For example *ACEC*, situated in Wallonia, which, with an eye to the contract, entered into a cooperation agreement with the Swedish company *LM Ericsson*. *ACEC* is being defended by the Walloon regional Government and by a number of Walloon national ministers, the most important among whom is P. Maystadt (PSC), Minister of the Budget and member of the legislative for Charleroi, the head-office of *ACEC*. *Bell* and *ATEA* are being defended by the CVP, which simply rejects the *ACEC* claims. At the end of 1984, the dossier was still in its preparatory phase. In view of the stands taken by the Government parties and the size of the contract, a final decision will take some time yet.

Another example of the way in which Government purchases and their regional distribution promotes collusion between politics and industry is the purchase of jeeps for the Belgian army. After the contract for F-16 aeroplanes had first been given to the Walloon aviation industry, the Flemish parties claimed priority for Flemish enterprises in the jeep dossier. On 17th October 1983, the « Government Purchases Orientation and Coordination Committee » opted for jeeps by *Mercedes*. The compensations promised by Mercedes would mainly go to Flemish companies.

Upon this, the other candidates — the Canadian company *Bombardier* and the British company *Leyland* — started a outright competition battle with all means available : political lobbying, threatening with closures, price reductions and compensation-offers up to 300 % of the purchase price ! Although F. Vreven (PVV), Minister of Defence, who like the army was in favour of Mercedes, had the authority to take a decision by himself, he chose to refer the dossier to the so-called globalization committee, of which the ministers M. Eyskens, J. Gol and P. Maystadt are members. After repeated extensions of the call-for-tenders period, the committee finally decided to give the contract to the Canadian *Bombardier*. At the end of 1984, the contract still had not been finalized because new problems had cropped up concerning the distribution of the compensation purchases.

## 2. Economic policy.

From its coming into power in December 1981, the Martens V Government has given the highest priority to a recovery of the competitiveness of Belgian industry. By devaluing the Belgian franc (February 1982) and changing the mechanism of linking wages to the index (increase in cost of living), in effect up to then, the Government managed relatively quickly to improve competitiveness in the world of business. In this aspect the policy of the centre-right cabinet meant a drastic change-over. Despite repeated warnings from international financial bodies such as the IMF, the OECD and the EEC, previous governments had not wanted or dared to touch the parity of the currency and automatic indexation. As soon as competitiveness was restored, the Government tried to consolidate it. In 1983, it decreed a law allowing it to take all « necessary measures » in the matter. The Government set as its objective that wage costs in Belgium should not

rise any faster than the average rise in Belgium's seven main trading partners (6).

This newly won competitiveness is the central axis on which the Martens V Government has built its global economic recovery policy. The recovery of the national economy, according to government economists, would naturally flow from this. The positive trends shown by a number of economic indicators in 1982 and 1983, have continued during the last year: namely the reduction on the deficit in the balance of payments and the slowing down of inflation. Added to this in 1983 were an increased rise in the growing pace of the Belgian economy and the recovery of business investments. These recent positive economic results are however mainly due to a recovery of the world economy rather than internal measures.

Up to now the Government has been less successful in reorganizing public finances. Its objective, to bring down the budget deficit by 1985 to the European average (7 % of the GNP), no longer seemed feasible at the beginning of 1983. The nett balance to be financed decreased from 16.3 % in 1981 to 15.6 % in 1983 but this decrease was too minimal to reach the set objective in 1983. In view of the fact that the budget deficit places a heavy mortgage on the brittle economic recovery and in view too of rising international pressure, the Government was forced to announce additional measures for the reorganization of public finances. These were contained in the Budget Savings Plan, worked out in March, by which the deficit in public finances was to be diminished by 230 billion BF in 3 years to 7 % of the GNP. Contrary to what the name would lead one to suppose, the Budget Savings Plan contained more in the way of new income for the State than actual economies.

The contributions imposed by the plan, particularly on wage- and salary-earners, made it difficult for the Government to announce further stringent measures in its 1985 draft budget. All the more so, since between the announcement of the Budget Savings Plan and the drawing up of the 1985 budget, the European elections had taken place, which, particularly for the Flemish coalition parties, had turned out very unfavourably. Because of this, the majority parties, in the context of budget negotiations, tried to find a new balance in the as yet unrealized Government programme. The result was the linking of the budget with a series of other, and very diverse, measures, in which each of the coalition partners could find something to its liking.

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(6) These are: the Federal Republic of Germany, Holland, France, the United Kingdom, Italy, the United States of America and Japan.

### 2.1. *Indicators for the Belgian economy in 1984* (7).

Both the gross domestic and the gross national product rose more rapidly in 1984 than in 1983: 2.1 % in the first case and 2.2 % in the second, as compared with 0.4 % and 0.5 % respectively in 1983. Both growth rates fall within the average rise for EEC member states. The recovery of economic activity was not only supported by a considerable increase in exports (+ 5.6 % in 1984), but also — and this for the first time since 1981 — by growth in domestic demand (+ 1 % in 1984). The increase in Belgian domestic demand, however, did not attain that of the EEC as a whole (+ 2 %).

To show the success of its crisis policy, the Government repeatedly referred to the increase in investments in 1984. At fixed prices, their growth rate was 7 %. This increase, however, could only just make up for the decrease of 8 % in 1983. Furthermore, this increase in investment willingness seems to be founded rather on rationalization of technological innovations than on decisions to increase the production capacity of enterprises. Another factor which has contributed to investment expansion is the improved profitability of enterprises. In 1984, the gross company capital increase reached 8.7 %, while in 1983 it was still showing a fall of 6.8 %.

Inflation also showed a positive trend. The rate of increase in the cost-of-living index dropped from 7.7 % in 1983 to 6.3 % in 1984. Price increases in foodstuffs and energy products were the main causes for the inflation increase rate in 1984. The slowing down of the increase in the index was, however, partly artificial because M. Eyskens, Minister of Economic Affairs, decided in October to temporarily lower the prices of certain energy products (fuel oil) or block them (petrol).

For the first time since 1981 the incomes of paid labour have seen a real, albeit slight, increase of 0.5 % after they had considerably decreased by 3.3 % in 1982 and 3.8 % in 1983. A trend which can be explained by the changeover in the course of 1983 from a mechanism of automatic indexation for wages and salaries to a fully-weighted system. As in 1982 and 1983, incomes from capital also increased considerably, with a real growth of 6.2 %, as compared with 5.4 % in 1982 and 4.1 % in 1983. As in previous years, self-employed workers saw their incomes fall a further 1.7 % in 1984. In the interests of completeness, it should be added that, for this group, the decrease in pre-

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(7) The figures cited here have been taken from reports of the National Bank of Belgium.

vious years had been less pronounced than for wage- and salary-earners : namely,  $-3.0\%$  in 1982 and  $-1.1\%$  in 1983.

Despite the increase of  $1.2\%$  in real terms in gross individual incomes, available income fell again in 1984 by  $0.6\%$ , due mainly to the increase in direct taxation and especially the increase in social security contributions. These together resulted in a rise in fiscal and para-fiscal pressure of  $46.3\%$  of the N.P. in 1983, and  $46.6\%$  in 1984. Since the centre-right Martens V cabinet have been in power, fiscal and para-fiscal pressure has risen by  $2\%$ . This confirms the results of studies showing that fiscal pressure in Belgium increases faster under centre-right coalitions than under centre-left coalitions.

The nett financial needs of the Government decreased faster in 1984 than in previous years, namely from  $15.6\%$  in 1983 to  $13.8\%$  in 1984. For the first time in many years, the running expenses of the Government have fallen. In 1983, they amounted to  $56.4\%$  of the N.P. as compared to  $55.6\%$  in 1984. This decrease is partly the result of measures contained in the Budget Savings Plan, which led to an actual diminution in public spending (among other things, a fall in the salary-total for public services). Besides this, the diminution is also the result of some accountancy techniques which do not, however, reflect real savings or decreases in public spending (for example, altering the payment system for civil servants and the referral of the due dates of interest repayments on Treasury loans to 1985).

The balance of payments deficit disappeared in 1984, whereas in 1981 it still amounted to 156 billion BF. The steady improvement in the trade balance over the last few years has mainly been due to the considerable decrease in domestic demand and the considerable increase in exports. In 1984, the growth of domestic demand in Belgium's most important trading partners influenced exports in a positive way.

### *2.2. The Budget Savings Plan.*

The political instability of the years 1979-1981 went hand in hand with an absolutely explosive increase in the budget deficit. In this period, the deficit went from  $9.0\%$  to  $16.3\%$  of GNP, a level considerably higher than that of the other EEC members. No less spectacular was the growth in the national debt and interest charges. During the period 1981-1983, the national debt almost doubled — from 2 billion to 4 billion BF and the interest charges increased from  $10.5\%$  to  $17\%$  of running expenses.

Accordingly, the Martens V Government set as its goal during its term of office the diminishing of the deficit to the European average,



i.e. 7 % of GNP. It turned out, however, to be too ambitious a task to simultaneously encourage a recovery of competitiveness in business and to reduce the budget deficit, and it ran the risk of propelling the Belgian economy into a deflationary spiral. The Government was therefore forced to review its original objective.

Two reasons moved the Government to initiate the second big operation of its platform in the spring of 1984. The main reason was the expiry of special powers at the end of 1984. The Martens V Government had managed to fully realize its first big operation, the transfer of finances from individuals to companies, by making use of the temporary special powers. This legislative technique made it possible for the Government to avoid normal parliamentary procedures, to reduce tensions between majority groups and to translate its measures into legal reality in the shortest possible time. Further delay could only complicate the execution of the planned reorganization of public finances even more. Secondly, the 1984 draft budget was already out of date at the beginning of February. The deficit on the 1984 budget was going to be 40 billion BF higher than the originally calculated amount of 507 billion BF (or 11.5 % of GNP). The fact that the Government was unable to reach its relatively modest objectives for state finances immediately cast doubt, in domestic and foreign financial-economic circles, on its credibility.

In the middle of February, the coalition parties and the Government decided to set out new guidelines for the reorganization of public finances. According to the Liberals, the answer was to be sought in economies from « winding down State bureaucracy and diminishing certain economic and social subsidies ». The Christian-Democrats were not much clearer on the subject. They stressed the « fair distribution of effort over all population categories » with the exception of the least privileged and the « solidarity between active and non-active members of society ».

As with previous important Cabinet decisions, negotiations were made by a few top ministers : the Prime Minister, W. Martens, Vice-Ministers J. Gol, Ch.-F. Nothomb and W. Declercq, the Minister of Social Affairs, J.-L. Dehaene, and the Budget Minister, P. Maystadt. Secret negotiations, held in isolated castles, dragged on for a month. The balance between measures which the coalition partners had to achieve was not the only reason prolonging the « budget conclave ». The Liberal Vice-Minister J. Gol demanded a communitarian pact before his party would agree to reorganization. The possibility of the Government coming to grief over a communitarian problem (the Happart affair, or the matter of political mandatories in the Brussels satellite communes) ( cf above), after

having first issued a series of unpopular savings- or contribution-measures, turned out to be a far from attractive prospect for the French-speaking Liberals. Although such a pact was not finally included in the Budget Savings Plan, J. Gol apparently received enough in the way of guarantees for the communitarian status quo to be maintained. The leaders of the majority groups in the Senate pledged themselves in a memorandum « to take no initiatives endangering coherence and trust in the majority ». And when the Budget Savings Plan was presented in Parliament, the Prime Minister declared that the Government « would do everything in its power to avoid any situation or initiative of such a kind as to endanger the priorities set out in the interests of the country ».

On 15th March, Prime Minister Martens clarified the guidelines for the reorganization operation. The plan's basic objective is to reduce the budget deficit of 230 billion BF over a period of three years in order to reach the (current) EEC average level of 7 % of GNP by the end of 1986. This decrease is to be achieved mainly by a transfer of finances from individuals to the Treasury and Social Security. For wage- and salary-earners, this transfer will be effected by skipping one wage-indexation of 2 % in 1984, 1985 and 1986. The profit from this goes to the Treasury. For the self-employed, contributions take the form of provisional deposits of 2, 4 and 6 % on the growth in their professional income in the years mentioned. For social allowances, excepting the lowest, one indexation will be omitted in the period 1984-1986. The Budget Savings Plan also contains a number of stipulations for reducing government spending. Undoubtedly, the main one is the goal of reducing the total salary expenditure in public services by 3.5 %. Nevertheless, these economies do not constitute the major part of the reorganization plan. Intentions clearly outweigh concrete measures (8).

In order to implement the main section of the Budget Savings Plan, the Government continued to use its special powers, which remained in force until March 31st. At the end of March, the Government issued its special power decrees, allowing it to apply the index contribution for employees in the private sector, and for civil servants and the self-employed as from April. To carry out other measures contained in the reorganization plan, the Government fell back on another — though no less challenged — technique than that of special powers, namely

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(8) The profit yielded by the contribution of one index-forfeiture to the Treasury's benefit by social security and by the private sector for the period 1984-1986 is estimated at 130 billion BF (or 57 %) of the 230 billions to be found. This amount does not yet include the profit yielded by the index-forfeiture on the salaries of civil servants and the contributions of the self-employed.

the programme- or recovery-laws. These are laws which the Government can apply for the execution of its budget policy. In reality, they are being used more and more to announce measures which are not directly related to budget policy, but which make it possible to change fundamental aspects of other laws. Measures bearing on the most diverse sectors are brought together in one single draft law so as to hasten their parliamentary passage. Furthermore, like the special powers, this technique strengthens the tendency towards centralization of legislative powers in the hands of the Government or the executive powers. A first recovery-law is already well on the way to approval by a majority against the Opposition before parliamentary recess. The parliamentary treatment of the second recovery-law, mainly containing measures concerning social security, has passed less smoothly. The draft bill was only submitted to Parliament in Autumn, together with two other recovery-laws which the Government considered necessary to the execution of the 1985 Public Finances budget (cf below).

### *2.3. The 1985 draft budget.*

Hardly had the first recovery-law been approved when the Government leaders met again to draw up the 1985 draft budget. It very soon became clear that negotiations on the subject were influenced by the results of the European elections of June 17th. In comparison with the 1979 results, 3 out of the 4 coalition partners (CVP, PSC and PVV) registered losses. Only the French-speaking Liberals showed any advance. The Flemish majority parties' backslide was so severe that had the European elections been national ones, the Government would have lost its Parliamentary majority. And although they stressed that no national significance should be attached to these elections, the coalition nevertheless began to show signs of rising nervousness and internal tension. On one issue, however, the majority parties were in unanimous agreement: after the Budget Savings Plan, no further contributions should be proposed in the 1985 draft budget.

Not an easy task, since it was barely reconcilable with the governmental objective of limiting the budget deficit in 1985 to 480 billion BF. All the more so given that State finances, despite the recently drafted Budget Savings Plan, were not evolving positively. On the basis of a first estimate, the difference between income and spending for 1985, with constant legislation, would come to no less than 540 billion BF. This necessitated the Government looking for 60 billions-worth of economies. A tall order, since the draft budget, when it was finally submitted by the cabinet after weeks of negotiations, showed a deficit of

495 billion BF. Income was estimated at 1.415 trillion BF, spending at 1.906 trillion — 11 billion more and 38 billion less respectively than the original estimates. The Government insisted that this time no new taxes or increased Social Security contributions had been levied. Just how the increase in income and the reduction in spending was to be effected, was not at all clear. The estimates accepted in the draft budget were, according to observers, very debatable. For example, the Government hoped to increase revenues by means of « better levying of taxes », supposed to bring in 7 billion BF, an old Belgian tactic often used in draft budgets to artificially boost revenues. The economies to be effected turned out to be either very problematic, like the 2.2 billion BF economy from the « struggle against absenteeism in the public services », or in no way real reductions in State spending, such as the deferment of 25 billion BF interest charges to 1986. Moreover, the Government made its budget calculations on the basis of an expected profit from the Budget Savings Plan in 1985, amounting to 170 billion BF, while Budget Minister P. Maystadt was still talking at the beginning of July of a figure of 105 billion BF. All this leads to the suspicion that the real budget deficit could turn out a lot higher than the estimated 495 billions, which will force the Government once again to review its budget figures in the election year 1985.

The budget negotiations also afforded an opportunity for the coalition partners to extract a number of programme-items not directly related to public finances. It was the Liberal parties in particular who succeeded in pushing through demands which they had been pursuing since the beginning of the legislature. The most important among these were measures of a more « flexible » social legislature: the relaxation of the rules concerning employment and dismissal of personnel and a reduction in the number of protected employees in small businesses (cf below). Besides this, the Government also decided to lessen the compensation received by trade unions towards the payment of unemployment benefits. This Liberal demand was counterbalanced by granting the request of the left wing of the Christian Democrat parties that the commission received by banks on State loans be lowered. Other Christian Democrat demands, such as those concerning career-interruption and educational leave, were also conceded in the budget agreement (cf below).

The measures for executing the draft budget were divided by the Government into 3 recovery-laws: one social, one fiscal and one on education. Although it was the Government's intention to have these three recovery-laws approved by Parliament before the end of the year, it did not succeed. Only the fiscal recovery-law was accepted by the Chambers in December. Discussion of the social recovery-law was

delayed by disagreement between the coalition parties about certain provisions of the draft. The Liberals did not agree with the way in which the franchise in health insurance they had asked for had been settled by the Minister for Social Affairs, J.-L. Dehaene. After some discussion, the Government decided to delete the franchise from the draft law (9). The Christian Democrats were dissatisfied with the stipulations concerning the rent-law. After a row between the Minister of Justice, J. Gol, and CVP Chamber majority leader, L. Van den Brande, who in the meanwhile had submitted a bill in respect of home-security which, according to the Liberals, was «socialistically inspired», the majority parties accepted a compromise in the form of amendments to the government draft. The educational draft could only be submitted to Parliament at the beginning of 1985. The delay incurred by this draft was not due to differences in opinion among the majority, but to the opposition of the French-speaking Socialists on the School Pact committee, which had to give its consent to a number of provisions concerning the educational draft.

Due to what the Socialists claim to be discrimination against State education, they blocked the functioning of this committee. In December, the Government decided not to include the relevant measures in the draft education law.

### 3. The social policy.

The Martens V Government has applied fundamental changes to the traditional social consultation pattern as known in the post-war period. Up to the beginning of the seventies, employer and employee organizations succeeded in entering into agreements concerning wage and working conditions autonomously, based on the principles of the «social solidarity pact» as negotiated at the end of World War II. Since the beginning of the economic recession, the Government has started acting more and more as a third social partner. The reason for this does not lie solely in the growing degree of state intervention and the increasing role of the Government as employer, but also in the deterioration of the consensus between the two other social partners, employers and employees. This evolution has continued during the first years of office of the centre-right Martens V cabinet, in the sense that the Government has become the most important social partner: it determines the content and the

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(9) «Franchise» means that each insured individual carries a part of his annual medical costs himself.

limits of social consultation matters and, failing agreement between employers and employees, it itself rules.

For a while, it looked as though social consultation in 1984 would resume its traditional form. Employers and trade unions for several months negotiated the conclusion of an inter-professional agreement and briefly it looked as though for the first time in 10 years such an agreement would be reached. In particular, A. Leysen, the new president of the Belgian employers federation (VBO-FEB), has tried with a number of proposals to establish a new alliance between employers and employees. In vain, however, since the trade unions, particularly the Socialist ABVV-FGTB, were of the opinion that the proposals of the employers contained insufficient guarantees. With the result that the Government, as in previous years, imposed the framework for consultation matters in its social recovery-law, and also that negotiations were transferred from the national level to the sectorial and company level, the very practice the trade unions were trying to avoid.

Neither did the trade unions succeed in 1984 in converting their strategy, which had become defensive since the beginning of the economic crisis, into an offensive one. The powerlessness of the two main trade unions can be ascribed partly to their divided attitude towards government policy. Although the Walloon wing of the Christian trade union, ACV-CSC, disagrees with the recovery and contribution policy as conducted by the Martens V Government, the national leadership maintained its position of tacit approval. The Socialist trade union ABVV-FGTB rejected the « neo-Liberal » government policy but so far has not succeeded in setting up actions which could endanger the coalition. The strikes against the Budget Savings Plan, organized by the ABVV-FGTB, have illustrated this once again.

The trade unions have also to watch passively how the Government, particularly on the insistence of the Liberal coalition partner, went ahead with the « deregulating » of social legislation. As far as the reorganization of labour is concerned (by means of the Hansenne experiments), the employee organizations have somewhat softened their initially rigid attitude. Labour schemes outside the legislation are accepted on condition that they lead to an increase in employment and can be jointly controlled by the trade unions. Nevertheless, the union movement still lacks a clear and convincing project on reorganization and redistribution of labour in a society with high unemployment and new technologies.

More than once the Government has stressed in the previous year that its economic recovery policy is beginning to yield social results. « The stabilization of unemployment » in 1984 is put forward as proof for this.

When unemployment is expressed in the number of benefit-entitled unemployed, one can indeed talk about a stabilization. At the end of 1984 there were 505,505 completely benefit-entitled unemployed, 2,000 fewer as compared to the end of 1983. This, however, does not mean that employment has increased. Upon close investigation it is in fact revealed that the stabilization of unemployment is the result of a number of factors which do not have a great deal to do with the situation on the labour market.

### *3.1. Trade unions and the Budget Savings Plan.*

Negotiations concerning a new inter-professional agreement found their source in the reactions to the Government's Budget Savings Plan. As with previous contribution measures, the Christian and Socialist trade unions once again reacted quite differently. The ACV-CSC did not reject the contribution policy as such but stressed that « efforts should be distributed in a balanced way over all population categories », while the ABVV-FGTB completely rejected the austerity policy of the Martens V cabinet as « a policy of social regression and impoverishment ». When the Government announced the guidelines of its Budget Savings Plan, a sharper note could be detected in the reaction of the ACV-CSC than had previously been the case. The Council of the ACV-CSC, the highest executive body of the Christian trade union, judged the new savings proposals « unacceptable » because they « contained fundamental imbalances, affecting the least privileged ». Contrary to the ABVV-FGTB, which categorically rejected the plan, the ACV-CSC insisted on negotiations with the Government in order to obtain amendments. To this end it drew up a nine-point programme in which the Christian trade union formulated its main objectives and demanded an answer from the Government before approval of the plan in Parliament. The ACV-CSC obtained its answer in the final speech of Prime Minister W. Martens at the end of the debate in the Senate. In this, the Prime Minister announced the amendment of a number of measures in the direction desired by the ACV-CSC. For example, the Government decided not to prolong the school leavers' waiting time before they can draw unemployment benefits (once more) and not to decrease the income of co-habiting unemployed (once again). However, the Government did not grant the most fundamental demand of the ACV-CSC, namely the generalization of the 38-hour week by the end of 1985. The Government answer only mentioned that « the social partners would be asked to discuss the introduction of the 38-hour week by the end of 1986 ». Although the ACV-CSC Council had demanded satisfaction on the totality

of its objections, the Executive, responsible for the day-to-day management of the Christian trade union, was satisfied by the amendments made by the Government in the Budget Savings Plan. The attitude of the ACV-CSC leaders was not shared to the same extent by the Council. Only a small majority gave its consent to the results obtained. The ACV-CSC President J. Houthuys, therefore, was obliged to demand a new round of consultations with the Government concerning their employment policy, for which the Christian trade union would contact the Socialist trade union. The ACV-CSC Council however rejected participation in the 24-hour strikes of 3rd and 10th April, called by the ABVV-FGTB in the meanwhile, because these actions, according to the Christian trade union, were part of a « political and electoral attitude ». The appeal of the ABVV-FGTB to the Christian trade union members to participate in its actions and so express their dissatisfaction about the attitude of the ACV-CSC leadership was only answered well on the first day of the strike. For the rest, these strikes showed the same pattern as all previous actions organized by the Socialist trade union: greater willingness to strike in Wallonia and the public sector than in Flanders and the private sector. After the unsuccessful second day of strike, the ABVV-FGTB decided to organize a March on Brussels, an idea which it later on abandoned because the Christian trade union, as with the strikes, was not prepared to participate in this action. Both trade unions manoeuvred themselves into an impasse: the ABVV-FGTB because it rejected the Budget Savings Plan entirely but was unable to organize national actions against it, and the ACV-CSC because it accepted the imposed income moderation but nevertheless demanded additional measures for employment, without wanting to resort to strikes as a means of pressure. No doubt at the insistence of more militant elements, a solution was sought and found in a joint statement, containing a compromise acceptable to both ABVV-FGTB and ACV-CSC. After difficult negotiations they succeeded on 18th April in working out a joint text containing the priorities for further social consultation.

### *3.2. Negotiations concerning an inter-professional agreement.*

In the succinct joint memorandum of 18th April, the trade unions insisted on an inter-professional agreement in which employers would enter into concrete obligations concerning the promotion of employment, and the Government was asked to replace the (linear) index contribution of the Budget Savings Plan by (progressive) increases in social contributions. The Government reacted very coldly to the second demand, of which it « took note » and invited the social partners to start consultation on an inter-professional agreement.



During the month of May, the first negotiations took place. They resulted in the willingness of employers and employees to negotiate, without intervention from the Government, an agreement of which the sectors themselves would be able to determine the modalities. From its side, the Government let it be understood that, failing an agreement between the social partners, it would impose decisions itself. Noteworthy during this first round of negotiations was the proposal by A. Leysen, the new President of the Employers' Federation (VBO-FEB), which in social negotiations normally takes a defensive and wait-and-see attitude, that employment in the private sector be maintained at the level of March 31st 1984. A proposal not to be sneered at since the Government had calculated a loss of 40,000 jobs in its Budget Savings Plan. Nevertheless, the trade unions were not convinced. Their predominant fear was that the employers' proposal would delay the creation of an inter-professional agreement and would corrode its content. A second proposal by the VBO-FEB to create 100,000 new part-time jobs in the period 1985-1987 met with no success either. Once again, the trade unions did not find their demand for redistribution of labour by means of shortening working time and additional job creation reflected in this proposal. From the reactions of the trade unions it became clear, however, that the shortlived common front was beginning to crumble. Although both trade unions insisted on shortening working time, the Christian trade union rejected the AVBB-FGTB demand for a generalized introduction of the 35-hour week.

Due to discord between the trade unions, the employers managed to keep the initiative in the final phase of the social consultation. On 12th July, the social partners reached agreement on a draft proposal which the ACV-CSC leadership was prepared to « defend » and the ABVV-FGTB would « submit » to its members. The agreement reached was mainly based on a third and « maximum » proposal by the VBO-FEB. It contained three guidelines : promotion of part-time labour, freeing 1.5 % of the total wage bill in 1985 and 1986 for shortening working time, additional job creation or wage increases, and the prolongation of the employment agreements with the 3-3-5 formula) (cf below) concluded in 1983 for the period 1985-1986. The trade unions obtained the replacement in the 12th July agreement of the vague term part-time labour by half-time labour and the addition of the negotiation per industrial sector of the 38-hour week. An important point in the agreement was the recognition by the two trade unions that the competitiveness factor be taken into account and the acceptance of increased flexibility in industrial management.

Although for the first time in ten years the employer and employee organizations had succeeded, without government intervention, in working out such an agreement, it was too early to talk about a new start in the « traditional » consultation. Indeed, the draft agreement contained a number of vague points on which later a difference in interpretation arose, so that the ACV-CSC and the ABVV-FGTB, for whom the agreement was far from being a victory, on 4th September sent a joint memorandum to the employer and trading organizations with their interpretation of the text. The chance that the trade union sections would approve the 12th July agreement without further ado was indeed not increased by this memorandum. On 14th September, the verdict was passed. The ACV-CSC council approved the agreement in principle by a 2/3 majority, on condition that the employers accepted the joint interpretative memo, while the ABVV-FGTB in a Special Congress « unanimously », but without a vote, rejected the agreement. The negative decision of the ABVV-FGTB came as no surprise. Even before the congress several executive members of the Socialist trade union had declared that rejection of the draft agreement was a political act against the Christian-Democratic-Liberal coalition. The final discussion between the social partners and the Government on 5th October about resuming negotiations one more time, did not lead ABVV-FGTB to alter its standpoint.

As an inter-professional agreement was no longer possible, the Government determined, in a social recovery-law, the limits within which employers and employees could conclude sectorial and company agreements. For the setting of these limits, the Government largely based itself on the principles of the agreement reached on July 12th. The negotiations on the matter had thus not entirely been for nothing.

### 3.3. *The organization of labour.*

Since the beginning of the economic crisis, the organization of labour has become a new discussion theme in social consultation. Employers especially insist on a relaxation of what they call the much too rigid social legislation, making it impossible to react dynamically to a fast-changing economic situation. Initially, the trade unions refused to consider any changes in the social legislation, together with social security, the monument of their year-long social struggle, because, according to them, they were synonymous with social regression. Gradually however, the employee organizations have had to give up their negative attitude.

The demand of the employers for social deregulation indeed not only found a willing ear with the Liberal coalition partners, but also the Christian-Democratic parties seemed to be won over to what they call a more flexible organization of labour. For the Minister of Employment and Labour, M. Hansenne (PSC), a representative of the working class wing of the French-speaking Christian Democrats, the reorganization of labour is one of the main objectives of his policy. The starting point of Hansenne's policy is the assumption that unemployment can no longer be solved by traditional remedies. Therefore, a new organization of labour has to be found, reconciling the economic objectives with the social ones: on the one hand, a more efficient use of production means by a redistribution of working time, and on the other, a decrease in unemployment by additional job creation, necessitated by increased production.

In this context, the first so-called Hansenne experiments were set up in 1983. The aim was to start, on a small scale, with new forms of labour systems: with the agreement of the Minister, the employers and the employees, labour and social legislation can be deviated from, on condition that working time gets reduced and additional jobs are created. In 1984, 29 experiments were running. An evaluation showed that these experiments were not an undivided success. The shortening of working time and the creation of additional jobs, as opposed to the redistribution of labour, seem to have been forgotten.

In the social recovery-law, the legal foundation was laid for « career interruption » and « remunerated educational leave » which, like the Hansenne experiments, are Christian-Democratically inspired proposals for the reorganization of labour. Career interruption implies that each employee is given the chance to withdraw for a specific period of time from the labour market while maintaining the right to take up his job again afterwards. The condition is the replacement of the employee by a (benefit-entitled) unemployed person. Educational leave offers the employee the chance of freeing himself for further training for a period of time with compensation. Other measures in the social recovery-law aim at promoting part-time labour with a system comparable to that of career interruption.

In the social recovery-law a number of stipulations have also been taken up which fit in with the realization of a more flexible social legislation, an issue which mainly the Liberal coalition partners have been pushing. This implies a more flexible compensation system in the case of dismissal, the lengthening of training periods in job contracts, the relaxing of the regulations governing overtime, the reduction of the number of protected employees and the possibility of concluding job con-

tracts in which working time is not specified by the week but by the year.

#### 3.4. *The « stabilization » of unemployment.*

The introduction of the above mentioned labour systems must contribute to the absorption of unemployment. The Government is indeed of the opinion that its policy in the matter is beginning to yield results. Repeatedly, members of the Government and politicians of the majority parties have pointed to the fact that after the slowing down of the rise of unemployment in 1983, unemployment stabilized during the last year. A statement which they support by unemployment statistics, which indeed show that at the end of 1984 there were 505,000 unemployed (12.0 % of the active population), 2,000 less even than in December 1983. What the Government does not mention, however, is that this figure relates to the total of complete unemployed, entitled to unemployment benefits. In this figure are not included those who are partly unemployed, those taken up in a government job opportunity and absorption scheme, those on early retirement, and those excluded from unemployment benefits for one or other reason. If all these categories are added to the number of complete benefit-entitled unemployed, it turns out that about 914,000 Belgians (or nearly 20 % of the active population) are without a full job.

The stabilization in the number of complete benefit-entitled unemployed can be explained in the first place by a slowed down growth in the size of the labour force. The raising of the school-leaving age, which the Government decided upon in 1983, and the lower birth rate have led to a decrease in job demands. Besides that, employment in government absorption schemes has been drastically increased since September 1983 (more than 21,000 unemployed). A third reason is the fact that an increasing number of unemployed try to escape unemployment by accepting a part-time job and thus get deleted from the statistics of the benefit-entitled unemployed (about 35,000 unemployed).. Finally, the « stabilization of unemployment » can be explained by the slight improvement in the market situation. The decrease in job opportunities in the private sector was to have ceased in 1984. To what extent this positive evolution can be explained by the 5-3-3 agreements imposed by the Government in 1983 (3 % additional job creation for 3 % wage contribution and 5 % working-time reduction) or by the improvement of the economic situation, pushing companies to take on more people, cannot be deduced from the available statistics. According to the Government, the 5-3-3 agreements have resulted in 30,000 additional jobs.

#### 4. The missile question.

Just as in previous years, the question of whether Belgium, in accordance with the NATO double-track decision of 1979, should proceed to install 48 Cruise-missiles also caused its share of political turbulence in 1984. This time no big demonstrations occurred during this review year, but there was an « updating » of the CVP point of view on the matter.

An interpellation of the SP Chamber majority-group leader, L. Tobback, brought the placement of Cruise missiles back on the political agenda. L. Tobback attacked the « ambiguity » of the Government in this matter since preparatory work on the military base at Florennes was being continued, while the Government had not as yet decided to install the nuclear missiles. So far, the Government had carefully avoided taking a stand in the matter. Nevertheless, a decision could not be postponed for much longer since the Government at its latest half-yearly evaluation, scheduled for December, had to let NATO know its final decision. The Liberal parties were of the opinion that the NATO-installation scheme should be respected, which implied a positive decision at the evaluation in December so that, as planned, the first missiles could be installed in March 1985.

As the evaluation date neared, more and more voices could be heard among the Flemish Christian Democrats that once more the final decision should be postponed. The pressure of the Christian peace movement and social organizations, which were against the installation of nuclear missiles, on the CVP was certainly no stranger to this situation. The official standpoint of the party, however, was that the NATO double-track decision should be adhered to, albeit with the addition that « as long as there is a chance » of the disarmament talks being satisfactory, the Belgian Government does not have to make a definitive choice.

The announcement of the resumption of disarmament talks between the two super-powers was for the CVP a welcome opportunity to update its standpoint. On 24th November the CVP leadership, two days later followed by the party bureau, decided that the Government did not have to give the go-ahead at the coming evaluation for the « deployment of Cruise missiles ». A remarkable fact was that this updated position came into being without the presence of CVP Minister of Foreign Affairs, L. Tindemans, a faithful North Atlanticist and a supporter of the placing of the missiles, at the party meeting in question. The amended CVP position came into existence mainly from pressure by the CVP youth and the working class wing.

The final decision of the CVP could thus be deferred until the results of the new disarmament talks were known. CVP Chamber majority-group leader, L. Van den Brande, went one step further by declaring on 28th November that, as far as the CVP was concerned, there was no fixed date at all in the missile matter. At the same time, he let it be understood that the preparatory work at Florennes should be stopped. The new CVP position did not, however, have the approval of the Minister of Foreign Affairs, L. Tindemans, the Liberal coalition partners and, last but not least, NATO. For L. Tindemans, the new position of the CVP was the position of the party and it was the Government's responsibility to take a decision in this important matter. According to the French-speaking Liberal Vice-Premier J. Gol, the CVP had given way to « the pressure of the SP and the peace movement » and its attitude showed « electoralism ». Moreover, according to J. Gol, the changed CVP position was in contradiction with the NATO double-track decision. In NATO circles it was said that « Belgium's allies were beginning to seriously worry » about the possibility of postponement of the government decision and that an effective deferment would weaken the position of the USA at the disarmament talks.

Prime Minister W. Martens was able to prevent an impending break in the coalition by first organizing a top meeting with his Vice-Premiers, then with the presidents of the French-speaking Government parties and finally with the presidents of the Flemish Christian Democrats and the Liberals. The coalition partners unanimously accepted the compromise worked out by the Prime Minister. It stipulated that the evaluation planned for December be postponed and would take place « during the first trimester » of 1985. It was understood that this evaluation would take place after a working visit of the Prime Minister and the Minister of Foreign Affairs to the American President on 14th January 1985.

This new problem concerning the missile question showed once again the end of the consensus on Belgian foreign and defence policy, which had not been challenged until the middle of the seventies. The debate has indeed gradually transcended the question of whether or not to install the 48 Cruise missiles. The accent in the discussion has been put more and more on the position of Belgium, and other West-European states in the NATO pact, dominated by the Americans. This position is questioned increasingly by the Flemish Socialists, in particular.

### 5. Updating of the Government agreement.

The question of the missiles was by no means the only problem causing tensions in the coalition during the fall. Some of the other friction points have been mentioned earlier : the slowed down treatment of the recovery-laws, the riot over the rental law, the Happart affair and the expected rulings of the Council of State in the complaints against political mandatories in the Brussels satellite municipalities. The coherence of the coalition was further put to the test by the Liberals, who started insisting more and more loudly on a tax reduction, and by the PSC and the PRL, who demanded a stronger French-speaking presence in Belgian Foreign representation. Christian Democrats and Liberals also had a number of priorities which they wanted to see realized before the next Parliamentary elections. Prime Minister W. Martens tried to resolve the situation by announcing an « updating » of the government programme by the end of December. Due to difficulties with the treatment of the social recovery-law in the Chamber, the Government did not get much further than preliminary talks about the adaptation of its programme.

It all started at the beginning of November, when PSC President G. Deprez announced that he thought a « course correction » of the government programme was necessary. According to G. Deprez, the Government had to work out a majority strategy for its last year of office ; otherwise, there was no further reason for the PSC to continue the coalition. He insisted that the Cabinet take the least privileged, the new poor and the marginal elements in society more into account in its policy. It was no coincidence that the PSC came up with this priority. During the last few months of the year, articles regularly appeared in the press about signs of « new poverty » in Belgian society. In a Government containing Liberals, it was, according to G. Deprez, necessary for the Christian Democrats to pay extra attention to social justice, which was being put at risk by the « Liberal offensive » of recent years. In the context of the secondment of the Minister of Finance and Foreign Trade, W. De Clercq (PVV), to the EEC as replacement for E. Davignon (PSC), the demand of the PSC President for a greater French-speaking presence in Belgian foreign representation was also very concrete. Subsequently, the French-speaking Liberals associated themselves with this PSC demand. The PVV, on the other hand, was of the opinion that a Flemish Liberal minister ought to be replaced by a party member. The CVP agreed to this, as long as the Minister of Transport, H. De Croo (PVV), would not replace W. De Clercq, since

the first-mentioned Right Honorable Liberal had shown himself to be in favour of a Liberal-Socialist coalition.

Both the PVV and the PRL also thought it high time that taxes were reduced, the central plank of their 1981 election campaign, precious little had come of which, due to successive contribution measures. Quite the reverse, since fiscal and para-fiscal pressure had risen sharply under this centre-right coalition (cf above). The Liberal parties proposed that a four-year programme of tax reduction be drawn up, to be realized in terms of, among other things, an indexation of the tax scales and a lowering of the marginal tax rates. Although the CVP in its answer to this referred to the 1983 budget law, in which the Government stipulated that an indexation of the tax scales would only be feasible when the nett amount to be financed was reduced to less than 9 % of the GNP, the Christian Democrats could not resist the electoral temptation of associating themselves with this Liberal demand. The CVP added, however, that the lowering of tax pressure should in the first place be aimed at families, and that it could only be implemented as of 1986, and not 1985, as demanded by the Liberal parties. Besides tax-reductions, PVV President, G. Verhofstadt, also wanted there to be measures for a « new political climate ». The reason for this, according to the President of the Flemish Liberals, was the tarnished reputation of politicians in the eyes of the people. The PVV put forward a number of proposals in respect of this, such as the expansion of petition-rights, the introduction of the referendum, the abolition of the obligation to vote and the depoliticization of public office, all of which were to counteract the political deterioration. To this list of priorities for the last year of the Government's term, the French-speaking Liberals added the fight against violence and terrorism. Other points on which the Government, according to the coalition partners, ought to work were: ending the broadcasting monopoly (CVP and PVV), increasing family allowances (CVP and PSC), reforming the adoption legislation (PSC and PRL), introducing a legislature government (PSC), and promoting employment (CVP and PSC). The Government parties evidently wished, by means of these proposals, to rectify a number of negative aspects of Government policy before the imminent Parliamentary elections.

To the Prime Minister fell the unenviable task of distilling from this laundry-list of priorities a programme in which all the coalition partners could find some of their concerns reflected. In discussions with the Vice-Premiers and the Presidents of the majority parties, W. Martens explored the possibilities of a balanced compromise. On 7th December, he announced the updating of the Government programme which was to be



deliberated upon on 27th and 28th December. Due to the discussions on the draft social law bill in the Chamber being deferred, the amendment of the Government programme was postponed until the beginning of 1985. What Government leaders did do was to prepare the operation over Christmas and the New Year, and it was agreed that a first list of top priorities should be laid down. The central question in all this was whether the Government would succeed in reconciling the budgetary repercussions of the proposals, estimated at 22 to 55 billion BF, with the proposed reorganization of Government finances.

#### 6. The evolution of the political parties.

Since the Parliamentary elections of 8th November 1981, there has been a remarkable amount of movement in the Belgian political parties. At that time, the Christian Democrats suffered a historic setback. For the first time in the postwar period, their Parliamentary representation fell to the level of that of the Socialists. The Liberals equalled their highest postwar score, and moved into second place in each region. Further noteworthy results of these elections were the appearance of the Green parties in Parliament, and the considerable losses of the FDF, in which this linguistic party lost the dominant position it had enjoyed since 1971 in the Brussels region. In the European elections, held in this review year, important shifts in voting behaviour again took place, particularly in Flanders. It would as yet be premature, however, to claim that these electoral movements will entail a thorough reshuffle of the political cards. What is certain, however, is that various parties are working on strategies to re-draw the political map on the basis of this changed electoral behaviour.

After their disastrous showing at the 1981 elections, the Christian Democrat parties have been in search of a new image. So far, the re-definition of their Christian Democrat identity has yielded few results. In the European elections, the Flemish Christian Democrats suffered a tremendous loss, for the third time in succession, and at three different governmental levels: national in 1981, municipal in 1982 and European in 1984. In contrast to the 1979 European elections, when nearly half of the Flemish electorate voted on the Christian Democrat ticket, they were now only able to hold down one-third of the Flanders votes, as also was the case in the 1981 Parliamentary elections. Even granted that the CVP did not produce its most popular candidates and that it conducted a low-key election campaign, the result cannot hide the ongoing crisis in the party. The powerlessness of the CVP can be

largely accounted for by the main issues which have dominated the political scene since the end of the seventies, and which make it impossible for the party to take the offensive. On each occasion, these issues divide the party into two camps: a middle class and a progressive one, as over socio-economic problems; a unitary and a radical Flemish one, as over communitarian problems; a policy-oriented one and a programme-oriented one, as over the missile question. It goes without saying that such contradictions corrode the model of solidarity or harmony on which party doctrine is founded. The numerous publications and initiatives for the renovation of the Christian Democratic conceptual heritage have contributed little or nothing to solving the problems with which the party is faced. Quite the opposite: it looks as though stronger stress on the Christian basic values widens rather than narrows the rift between programme and leadership. The missile question fully illustrates this. In this matter, the party is in a sense caught between its official standpoint, which closely adheres to the NATO double-track decision, and the rejection of the missiles on moral grounds by the majority in Christian public opinion and social organizations.

The relationship between the Flemish Christian Working Movement, ACW, and the CVP has been problematic since the formation of the centre-right Martens V Cabinet. The growing irritation at certain levels of the movement over the political attitude of the ACW, which has exclusively been conducted through the CVP since 1945, led the ACW leadership in 1983 to organize an investigation into the ACW-CVP relationship. The results of this enquiry contained few surprises. Seventy-five percent of the ACW branches are in favour of continued cooperation with the CVP, on condition that the movement obtains more say in the programme and representation in the CVP. Fifteen percent of the branches are in favour of the formation of an independent Christian Workers Party. Formulae such as Progressive Front formation and political pluralism (i.e. political action via different political parties) were rejected. This has clearly revealed the problem of the ACW and CVP, but has by no means solved it. The ACW leadership has the difficult task of strengthening its presence in the CVP, while the party has to be able to maintain a balance with other « classes » (farmers and middle classes). Besides that, the initiatives to be deployed by the ACW militants who want a break with the CVP, are awaited with great expectation.

The situation is different for the French-speaking part of the country where the Christian Workers Movement, the Mouvement Ouvrier Chrétien (MOC), already decided at the beginning of the seventies no longer to entrust the political realization of its programme solely to the French-

speaking Christian Democratic party. The MOC opted for political pluralism but this formula turned out to be a disaster. After the 1981 Parliamentary elections, the MOC formed a new political movement, Solidarité et Participation (Solidarity and Participation) (SeP), which decided in 1983 to become a political party. In 1984, this new party got down to work on its programme. In it, three guidelines can be found. On the institutional level, a federalist standpoint is taken, on the ideological level a pluralist one, and on the socio-economic level a progressive one. Further, the SeP pleads for the formation of a progressive majority in Wallonia for which negotiations with other parties and politicians will be set in motion. The MOC called on its members not to vote for the PSC at the European elections and the CSC issued a similar appeal.

The heavy criticism by the MOC on the socio-economic policy of the Martens V Government and the formation of the SeP has not left the French-speaking Christian Democratic party, the Parti Social Chrétien (PSC), entirely indifferent. The attention of the PSC during the fall on the new poverty and related social problems (cf above), was an expression of this concern. For the rest, PSC President G. Deprez is already more than happy with the maintenance of the status quo for his party. After the 1981 elections, there was great fear among the French-speaking Christian Democrats of a bipolarization in Wallonia between the Socialist party, on the one hand, which, in its struggle to form a left majority, was attempting to attract the working-class wing of the party, and the Liberals, on the other hand, who were trying to attract the right wing. At the European elections, the PSC obtained 19.5 % of the votes in the French-speaking electorate, 1.8 % less than in 1979 but nevertheless a slight rise of 1.4 % as compared to 1981. The fact that the PSC recovered somewhat from its heavy losses in 1981 was, for President G. Deprez, proof that there is still room for a centre party in Wallonia. Furthermore, G. Deprez seems to have succeeded in reducing tensions between the different « familles » (tendencies) to a minimum. Indeed, since he took over the Presidency of the PSC, the « familles » have refrained from taking public stands.

The big winner in the European elections in Flanders was the Socialist Party (SP). In comparison with 1979 and 1981, their electorate increased by a third. This marked the end of the apparently irreversible steady electoral decline of the Flemish Socialists which started at the end of the fifties. The SP's great leap forward was mainly due to the immense personal success of its President, K. Van Miert, who, single-

handedly, gained half of the votes cast for the Socialist Party. Since K. Van Miert took over the Presidency of the party in 1977, he has given the SP's programme a sharper edge, particularly when it comes to socio-economic themes and foreign and defence policy, he has departed from the unitary course followed by his predecessors, and on an ideological level, he is in favour of greater openness in party affairs. In 1984, the SP took a further step in its « Breakthrough strategy », with which the party is trying to attract unattached progressives and Christian workers, by accepting the principle of « open candidate lists ». This principle implies that progressive non-party members can be candidates on a SP list. The party already applied this principle prior to its approval at the congress of 17th-18th November, by giving the fourth place — the fighting position — on its Euro-list to the priest and non-party member, J. Ulburghs, who was also elected. The Breakthrough strategy, however, does not have the approval of the complete party. Indeed, the main problem for the party remains the degree to which the programme and organization innovations, advocated particularly by the party leadership, will find acceptance with local branches and federations, often still founded on traditional Socialism.

The French-speaking Socialist Party, the Parti Socialiste (PS), put the Voeren burgomaster, J. Happart (cf above), also a non-party member, on its European election-list. J. Happart did very well at these elections. The votes cast against his name accounted for almost a third of the PS total. The electoral progress of the party, +6.6 % as compared to 1979, and +2 % as compared to 1981, can also be almost completely accredited to him. The election of J. Happart as European Member of Parliament also had its less pleasant consequences. It directly sparked off a conflict between the two Socialist parties and an internal party wrangle. The President and list-topper of the Flemish Socialists at the European elections, K. Van Miert, refused to sit in the European Socialist group with the Voeren burgomaster because of the latter's attitude towards the Flemish in his municipality. The list-topper of the French-speaking Socialists, E. Glinne, was initially reluctant to make his participation in the activities of this group conditional upon the inclusion of J. Happart, as previously demanded by the PS leadership. As a consequence of this, E. Glinne was barred from the party bureau by the party leadership. The conflict came to an end in September, when J. Happart announced that he would become a member of the PS, and as a result automatically became a member of the Socialist group in the European Parliament. For K. Van Miert, this decision implied, in accordance with his previous

declarations, that he could no longer participate in the activities of the group, with which he maintained only an « administrative link ».

The fact that J. Happart and Y. de Wasseige, President of the radical Walloon federalist party, the Rassemblement Populaire Wallon, joined the PS was a further illustration of the French-speaking Socialists' further progression towards an extreme Walloon nationalism. Indeed, the party congress of 22nd September confirmed the strategy of bundling together all « radical-federalist and leftist forces » in the PS so as to establish a progressive majority in Wallonia. This does not mean, however, that the PS has given up its national aspirations. President G. Spitaels has left the door open to participation in national government, even with Liberals. Hence, no doubt, the fact that the PS programme is less sharply defined in socio-economic and foreign and defence areas than that of the Flemish Socialists.

The defeat of the Flemish Liberal Party, the Partij voor Vrijheid en Vooruitgang (PVV), was a further remarkable result of the European elections. In comparison with the 1979 elections, the PVV lost only 7 % of its voters, but, compared to the 1981 Parliamentary elections, it lost no less than 32 %. With this defeat, the PVV lost its status of second party in Flanders, acquired in 1981. The appeal of the party President, G. Verhofstadt, shortly before the European elections, to the CVP and VU voters for the formation of a Liberal front against Socialism, turned out to be unsuccessful. G. Verhofstadt's argument, that Liberal parties traditionally score lower at European elections, was contradicted by the result of its French-speaking sister party, which gained votes. More plausible is the hypothesis that a part of the Conservative electorate, which the PVV took away from the CVP in 1981, returned to the Christian Democrats. No doubt, these voters were disillusioned by the fact that the PVV has not as yet been able to fulfil the fiscal promises which it made during its 1981 election campaign. Hence, the fact that after the European elections, the Flemish Liberals pleaded with even more insistence for a tax reduction, to come into effect before the 1985 Parliamentary elections (cf above). The feasibility of other PVV proposals, which fit into the neo-Liberal ideology with which President G. Verhofstadt is trying to impart a new impetus to his party, is equally problematic. In 1983, for example, the PVV announced with great fanfare a series of bills which were supposed to put an end to « trade union excesses ». Up to now, very little has come of this, and it is feared that the proposals for a new political climate put forward in 1984 (cf above) will meet the same fate.

Judging from the overall result, the French-speaking Liberal party, the Parti Réformateur Libéral, came out of the European elections greatly

strengthened. With 24.1 % of the votes of the French-speaking electorate, the PRL obtained 5.5 % more than in 1979 and 2.5 % more than in 1981. This gain was, however, mainly due to the good result in the Brussels region, where the Schaarbeek burgomaster and People's Representative, R. Nols, who resigned from the FDF in 1983 but as yet is not a member of the PRL, brought many votes to the list. The popularity of R. Nols with the Brussels electorate is based on his controversial policy, not void of racist undertones, with respect to immigrant workers in his municipality.

Less eye-catching than the PRL, but by no means less effective, is the influence of the French-speaking Liberals on Government policy, particularly due to their Vice-Premier and Minister of Justice and Institutional Reforms, J. Gol. After the Prime Minister, J. Gol is no doubt the most important figure in the Martens V Cabinet. Examples of the way in which he applies Liberal ideology to Government policy can be found in the rental law (cf above), the law on aliens and the introduction of the so-called penal transaction or « pay-justice ». This latter implies that the public Prosecution can from now on to come to an amicable settlement for all offences which in theory are punishable by the law up to a maximum of five years. The most contested aspect of the law on aliens is the stipulation that the Minister of Justice can prohibit foreigners, not belonging to EEC countries, from settling in a certain municipality, when the increase of the foreign population in that municipality « constitutes a danger for the general interest ». In passing this law, J. Gol met the wish of a number of burgomasters in the Brussels area who wished to slow down the influx of immigrant workers into their municipality.

The fact that the Brussels Communitarian Party, the Front Démocratique des Bruxellois Francophones (FDF) is on a downward slide, was shown once more at the European elections. A global comparison of its result with the 1979 elections is not possible because the FDF then formed a cartel with the Walloon federalist party, the Rassemblement Wallon (RW). In the Brussels electoral wards, the FDF obtained 16.5 % of the votes, or less than half of the maximum score which this party achieved no farther back than 1978, namely 35.5 %. The FDF, therefore, celebrated its 20th anniversary in low key. The crisis in this party was shown by the fact that the President, L. Outers, elected in 1983, made way for G. Clerfayt in this review year. G. Clerfayt won over S. Moureaux, who prior to that had caused consternation by abandoning the FDF demand that Brussels be a full-fledged third region and by no longer excluding the idea of negotiations with the city's Flemish residents. From the election of G. Clerfayt,

a traditional FDF hard-liner, it became clear that the party still favours the old programme, even though it has failed to convince the electorate any longer. The RW has nearly completely disappeared from the electoral map. With 2.3 % of the votes of the French-speaking electorate, this party reached its electoral nadir.

For the Flemish communitarian party, the Volksunie (VU), the European elections were not an immediate success either. Though this party improved its result as compared to 1979 (+4.2 %), it lost as compared to 1981 (-2.2 %). In 1984, the VU celebrated its 30th anniversary, which was an opportunity to repeat its demands for a thoroughgoing federalism of the Belgian state. In this, the VU is stressing more and more the economic aspects of such a reform, thus reflecting the change which has occurred in the programme of the Flemish Movement.

Both in the North and the South of the country, the Green parties made considerable progress at the European elections. In Flanders the Ecologists gained a total of 7.1 % of the votes, in Wallonia 9.9 %. This confirmed their breakthrough at the 1981 parliamentary elections. Transposed into national election terms, this result means that the Green parties would form a medium-size group.

On 17th December 1984, the Christian Democrat-Liberal Martens V Government celebrated its third anniversary. Although in 1984 there was a constant threat of early elections hanging over the coalition, Prime Minister W. Martens maintained that he intended to go the full term of the legislature with his Government. The recovery of government stability, which was totally non-existent at the end of the seventies, is one of the aspects with which the centre-right coalition has tried to carry out its reversal policy, announced at its formation. More important are no doubt the promised changes on the socio-economic level. The Martens V Government gave priority in 1984 to the reorganization of public finances, after having reestablished during the previous years the competitiveness of Belgian industry, thus achieving its first main objective. The Budget Savings Plan, worked out in March, which has as its objective the reduction of the deficit on public finances to the European average by the end of 1986, also demanded sizeable contributions from the population. This did not mean, however, that the socio-economic debate entirely dominated the political agenda in 1984. Communitarian and other problems cut across government objectives in this review year. For example, an agreement on the Budget Savings Plan could only be reached by the Government after all coalition partners had agreed to accept the communitarian status quo. The poor results at the European elections of the Flemish coalition parties in

particular was another factor putting the coherence of the coalition to the test. During the second half of the year, problems piled up, forcing the Government to update its programme. At the turn of the year, it had not yet accomplished this, leaving the question unanswered of whether or not early elections will be held. But come what may, elections will be held in 1985.

*Abbreviations :*

ABVV-FGTB	Algemeen Belgisch Vakverbond van België — Fédération générale du Travail de Belgique : General Belgian Trade Union.
ACV-CSC	Algemeen Christelijk Vakverbond van België — Confédération des Syndicats chrétiens de Belgique : General Christian Trade Union.
ACW-MOC	Algemeen Christelijk Werkersverbond — Mouvement ouvrier chrétien : General Christian Workers Association
CVP	Christelijke Volkspartij : Christian Democratic Party (Flemish)
FDF	Front démocratique des Bruxellois francophones : Brussels French-speaking Democratic Front.
KS	Kempense Steenkoolmijnen : Kempen Coal Mines.
PRL	Parti réformateur libéral : Liberal Reform Party (Liberals, French-speaking)
PS	Parti socialiste : Socialist party (French-speaking)
PSC	Parti social chrétien : Christian Democratic Party (French-speaking)
PVV	Partij voor Vrijheid en Vooruitgang : Party for Freedom and Progress (Liberals, Flemish)
RTT	Regie van Telegrafie en Telefoon : Telecommunications Corporation.
RW	Rassemblement wallon : Walloon Rally
Se P	Solidarité et Participation : Solidarity and Participation.
SP	Socialistische Partij : Socialist party (Flemish)
VBO-FEB	Verbond van Belgische Ondernemingen — Fédération des Entreprises de Belgique : Federation of Belgian Industries
VU	Volksunie : The People's Union (Flemish nationalists)

