

Belgian Politics in 1999

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I. The final months of the cabinet Dehaene II

A. *The budgetary results for 1998 and the control of the 1999-budget*

On January 6th, the Minister for the Budget Herman Van Rompuy announced that the overall public deficit for 1998 had dropped to € 2,93 billion, equalling 1,3 % of GDP. Accordingly, the debt to GDP ratio had dropped to 116,5 %, which was 5 percent points less than in 1997, and 2 percent points less than officially estimated. This budgetary result was the best in many years time.

On March 12th, the council of ministers confirmed the budgetary adjustments that had been proposed by the core cabinet. The most important aspect of this adjustment was the € 248 million the cabinet had cleared for what the press called "electoral sweets": among others, the social costs per employee were reduced from April 1st onwards (instead of from July 1st onwards), the pensions were raised by 0,5 percent and the unemployment benefit for singles was raised as well.

B. *The implementation of the so-called Octopus agreements (24 May 1998)*

By the end of 1998, most of the regulations of the Octopus agreements of 24 May 1998 on the reform of the judiciary and the police forces, had been converted into various laws. However, there were still aspects of the statute of the 'integrated police forces' that had to be settled: in particular the rules on disciplinary sanctions, on trade unions, on personnel, and on pensions. Rapidly it became apparent that the reform operation would not be finalised by the elections of June 13th. To raise the pressure on the government and on MPs of the Octopus-parties, the trade unions of the police-forces organised three manifestations. On February 26th, 1999 some 2.000 policemen marched through the streets of Brussels to protest against the disciplinary rules, while on March 19th, some 7.000 policemen (mainly members of the gendarmerie) protested against the proposed financial regulations. On May 7th some 3.500 local policemen and members of the Judiciary Police protested in Ghent.

A first agreement between the Interior minister Luc Van den Bossche and representatives of the four main police trade-unions was reached on April 29th. The concessions made by the government required an extra € 50 million on top of the originally estimated cost of € 124 million. However, even this pre-agreement soon was criticised by members of the Judiciary Police and by the traditional trade unions.

Unwillingly, the general elections of 13 June 1999 made a temporary end to the reform of the police forces. In a letter to prime minister Dehaene of May 6th,

the four opposition parties that had backed the Octopus agreement, asked to postpone all further negotiations until after the general elections of June 13th. Once after the elections, the issue did not receive a lot of attention. The new cabinet of Verhofstadt merely decided to postpone the date of implementation of the reform: the new date being 31 March 2001.

In connection to the reform of the police forces, the disciplinary laws of the members of the judiciary were modernised by the Law of May 7th, 1999. The kind of sanctions was diversified and the number of possible sanctions was increased.

On June 4th, the members of the judiciary elected 22 out of the 44 members of the High Council for Justice. Half of these 22 positions had to be filled by Dutch-speaking candidates (for which there were 28 candidates) and half of these by French-speaking candidates (for which 38 candidates applied). The nomination of the 22 non-members of the judiciary, which had to be settled by the Senate, was not an easy task to do, due to a lack of Dutch-speaking female candidates. After a second call for candidates, the remaining 22 positions were filled on December 23rd. According to rumours in the press, all positions had been filled according to party-affiliation: four nominees were backed by the VLD, three by the CVP, and twice two candidates by SP and Agalev.

II. The general elections of 13 June 1999

A. *A long but sober campaign*

Early 1998 it had been decided to advance the general elections, which were normally due for the end of 1999, in order to let them coincide with the elections for the European Parliament in June 1999. Notwithstanding the anticipation of the date for the elections, the government Dehaene II was the first cabinet since 1965 to serve for the full four years. Unlike the 'normal' situation in which a political crisis is responsible for early elections, the parties had plenty of time to prepare their electoral campaign. A second explanation for the long campaign was the sharpening up of the law on the electoral costs. According to the law of 25 June 1998, it was forbidden to use commercial billboards during a period of three months prior to the elections. Some parties thus organised a pre-electoral campaign, which stopped on March 13th. The further reduction of campaign expenses for both individual candidates and the political parties as a whole resulted in a small amount of advertisements in newspapers and magazines and in a limited number of leaflets and brochures.

On the side of the contents, the campaign did not get off the ground. There was no central theme in the campaign. Nearly all parties had included a kind of 'security-pact' in their manifestos. However there was no emphasis put on this issue, as the political parties feared that the extreme right party Vlaams Blok would benefit from this.

B. *The dioxin-crisis and the resignation of the ministers Colla and Pixten*

On May 27th, only two weeks before the general elections, a newsflash reported that on some farms in the province of West-Flanders, poultry had been detected that was contaminated with dioxin, a carcinogen. The Minister of Agriculture Karel Pinxten (CVP) confirmed the news. The next day, the Minister of Public Health Marcel Colla (SP) at first said that there was no reason to panic. However,

later that day he advised all shopkeepers and supermarkets to remove all poultry and eggs from the shelves. Consequently, the Belgian government informed all other European governments of the contamination, via the European Rapid Alert System.

During the weekend of 29-30 May, the issue of public health was converted into a political and electoral issue. The opposition parties demanded the resignation of the ministers Colla and Pinxten, although the latter claimed that they had not been informed on the dioxin crisis prior to 26 May 1999.

On May 31st, prime minister Dehaene had a meeting with both ministers, who reported on the follow up and the evolution of the dioxin-case. While Dehaene in a written statement confirmed his confidence in both ministers, Colla and Pinxten got in serious trouble, when they had to admit they knew about the contamination ever since April 26th and April 27th respectively.

Still during that particular weekend of 29-30 May, VLD-party leader Guy Verhofstadt played a crucial role in the dioxin crisis. Verhofstadt declared that he had received a "blood-curdling" report from inspector André Destickere addressed to the ministerial department of Public Health and dating from April 27. This proofed that minister Colla had known about the contamination since that day. On June 1st, Verhofstadt delivered the report-Destickere to prime minister Dehaene. Dehaene immediately cancelled all campaign events and summoned the ministers of the core cabinet and the leading politicians of the CVP for an urgent summit. In the meanwhile the position of Colla and Pinxten was wavered even further after severe criticism by the press, by Frenchspeaking politicians and by the European, Commission.

At 7 pm the prime minister announced the resignation of Colla and Pinxten. Because of the approaching elections, Colla and Pinxten were not succeeded in their ministerial positions. According to the constitutionally required language-parity in the council of ministers, the two Flemish State secretaries (Reginald Moreels [CVP] and Jan Peeters [SP]) were promoted to the rank of minister. The responsibilities of Colla and Pinxten were handed over to the deputy prime ministers Luc Van den Bossche (SP) and Herman Van Rompuy (CVP) respectively.

What probably merely had been a minor incident in the industry of cattle-fodder, became an economic disaster, as it was influenced by the electoral climate, the extensive media-coverage and the strictness of the European Union. With a long list of successive but sometimes unclear or confusing measures, the government tried to solve the crisis from May 31st onwards. In spite of these efforts, the situation got worse, when it had become clear on June 2nd that as well hundreds of pig-breedings had been provided with dioxin-contaminated cattle-fodder.

On the same day, the European Commission ordered a strict ban on the sale and export of all products and derived products from the suspicious poultry farms. European Commissioner Franz Fischler (Agriculture) criticised the negligence of the Belgian government, and said it was intolerable that the European Commission had not been informed earlier. One day later, the ban was extended to include the products and derived products of suspicious pig- and cattle-farms as well. An increasing number of countries closed their borders, not only for Belgian meat, but - for other than sanitary reasons - for some other products as well.

In reaction, the Belgian government tried, as quick as possible, to make up a list of 'safe' cattle- and pig-farms. However, the cabinet only succeeded in doing

so on June 9th. Still 17 % of all cattle-farms and 40 % of all pig-farms remained suspicious. For all other farms the ban on slaughtering was lifted.

In the meanwhile, the dioxin-crisis had dominated the last phase of the electoral campaign, and led to some political implications. Prime minister Dehaene suspended his electoral campaign, and so did other top-politicians. The CVP portrayed Dehaene as crisismanager, and so did the SP with deputy prime minister Luc Van den Bossche. Only on the very last day of the campaign, Dehaene would re-appear as leader of the CVP, in an advertisement campaign stating "with or without Dehaene, you decide!". The opposition party VLD criticised the "chaotic" way in which the cabinet dealt with the crisis. According to the VLD, and to the French-speaking liberal party PRL, the dioxin-crisis was exemplary for the way in which the country was governed by the cabinet Dehaene. For the Green parties Agalev and Ecolo, the dioxin-crisis came as a gift from God. According to several opinion polls, between 19 % and 29 % of the people examined thought about changing their voting behaviour under influence of the dioxin-crisis.

C. A surprising electoral result

On June 13th, 7.3 million Belgian citizens elected 518 representatives for the federal parliament, the regional parliaments and the European Parliament. For the first time, Belgian expatriates were able to vote. But because of a very demanding identification-procedure only 18 expatriates actually voted. Contrary to the lack of enthusiasm among these Belgian expatriates, 37.833 EU-citizens in Belgium were registered to take part in the elections for the European Parliament. The outcome of the elections was dramatic for the governing parties (christen-democrats and socialists) ¹.

As regards the results for the Chamber of Representatives, the CVP no longer was the biggest party of the country. The Flemish liberals of the VLD had slightly more votes (0,2 % difference) and a 1 seat surplus (23 to 22 on a total of 150). For the first time in Belgian political history, the christen-democrats represented less than 25 % of the population. The Flemish socialists scored their worst result ever: their share of the Flemish electorate was a mere 15,0 %. The SP was even surpassed by the Vlaams Blok, which became the third strongest party in Flanders with a share of 15,3 % of the votes.

Both on the Flemish and on the Frenchspeaking side, the green parties were the absolute winners of the elections. The Parti Socialiste remained the biggest party on the Frenchspeaking side, but experienced an important loss of 5 percent points. The PRL-FDF cartel won slightly, but was confronted with a loss of votes in Brussels.

The clash of titans between the figureheads of the parties on the lists of the Senate was won by prime minister Dehaene, with a total of 528.759 preference votes. He was followed by Marc Verwilghen (VLD, 392.974), Guy Verhofstadt (VLD, 353.117), Louis Tobback (SP, 254.598) and Mieke Vogels (Agalev, 207.680). On the lists of the French-speaking parties, Louis Michel (PRL) was the most popular

¹ For a detailed analysis of the electoral results, see W. FRAEYS, 'Les élections législatives et européennes du 13 juin 1999. Analyse des résultats', *Res Publica*, vol. XLI, 1999, n° 2-3, p. 239-263.

candidate (264.503 preference votes), before Philippe Maystadt (PSC, 221.449), José Happart (PS, 183.138) and Jacky Moraël (Ecolo, 77.343).

III. The formation of the cabinet Verhofstadt

The day after the elections, prime minister Dehaene was received in audience by King Albert, to present the resignation of his cabinet. In a meeting with the press later on that morning, Dehaene read a statement in which he took full responsibility for the electoral defeat of his party. Dehaene said he was not seeking for a third consecutive nomination as prime minister. He might even renounce his senatorial mandate. Because of the dominant role Dehaene has played in Belgian politics since the mid-1980s, he was granted the title of Minister of state by Royal Decree of July 12th.

While King Albert started his traditional round of consultations, the first decisive steps were made as regards the formation of the regional governments. In the French-speaking part of the country, "only parties that have won" were invited by PS-party leader Philippe Busquin to take part in the negotiations. As a result, the christen-democrats of the PSC were not invited, unlike the green party Ecolo, even though PS and PRL-FDF disposed of a parliamentary majority of their own. The official talks to form a Walloon regional government already started on 15 June. On the Flemish side, the negotiations were not going at the same pace. The key question was whether the CVP wanted to take the initiative. On June 15th the CVP eventually renounced to its right to open the coalition bargains. From that moment onwards the leader of the second biggest party (VLD), Guy Verhofstadt was in charge of the formation of the Flemish government.

On that same day, King Albert appointed Louis Michel, the party leader of the French-speaking liberals, as 'informateur' on the federal level. For most commentators the remarkable rapidness with which the King acted had to be related to the dioxin crisis which urged for determination in the governments actions. In any case, it was very unusual that the King nominated an 'informateur' before he had consulted the leaders of the social-economic organisations (which happened on 16-17 June). After a first round of consultations with members of the political and socio-economic elite, Michel invited the party leaders of six parties to a second round of negotiations (greens, socialists, VLD and VU-ID). Much to their own surprise, the christen-democrats did not receive a second invitation. On 23 June, informateur Michel handed over his final report to the King. Subsequently he was dismissed, and Guy Verhofstadt was nominated 'formateur'.

The actual formation talks started on June 25th, with Agalev, Ecolo, SP, PS, VLD and PRL-FDF, but without the VU-ID. On the same day, the on-going negotiations for the formation of a cabinet of christen-democrats and socialists on the German Community level were halted by order from the party leaders of PS, PRL and Ecolo. Subsequently, representatives of the latter parties continued the negotiations. The negotiations on federal level resulted in a governmental agreement that was finalised on July 7th. The governmental agreement smoothly passed all but one of the party congresses. The rate of approval varied between 91,7 % and 100 %. The exception being Ecolo, where there was a mere majority of 58,8 % in favour of participation. By a small majority of 54 %, the members of the Brussels federation even vetoed the participation of Ecolo in the Brussels government.

A final meeting of the delegates of the different parties on July 11th, led to the nomination of 15 ministers, three secretaries of state and three government's commissioners. In the margin of the formation of the government, Philippe Busquin (PS) had already been nominated European Commissioner (30 June). The parties agreed on 1 July 1999 to nominate Herman De Croo (VLD) as Speaker of the House of Representatives and - two weeks later - to nominate Armand De Decker (PRL) as Speaker of the Senate. The cabinet-Verhofstadt was sworn in on July 12th.

On 14 July 1999, prime minister Verhofstadt presented the 'governments declaration act' to the House of Representatives. The central theme in the governmental agreement was the notion of "active well-fare state". It intends "to prevent that people drop out of the well-fare system", and aims at "creating the possibility for all citizens to add a creative surplus to society, with a high level of social protection, and without causing harm to the quality of their personal lives". After a two-day debate, the 'purple-green' cabinet got a majority in the House of Representatives, by 96 votes in favour, 47 votes against and one abstention.

IV. The start of the Verhofstadt cabinet

A. "Quick and efficient", in a "spirit of co-operation"?

The government Verhofstadt introduced a somewhat different style of governing in Belgian politics. The prime minister himself regularly talked about "a clean break with history". Instead of aiming for a balanced compromise between the parties on every single detail of the governmental agreement, Verhofstadt had given the possibility to every party to interpolate their own issues in the general text. The prime minister attached a lot of value to the relations between the communities, which suddenly improved a lot. Verhofstadt often emphasised the decisiveness of his cabinet, and put that in contrast to a presumed "immobilism" of the cabinet Dehaene. On a press conference on the regularisation of illegal refugees Verhofstadt literally talked about the contrast between the "quick and efficient" way of governing of his cabinet, and the "slow and inefficient" way of decision-making by his predecessor.

In spite of these efforts to communicate a positive image of the government, there were regular reports of differences in opinion between the coalition partners. According to Verhofstadt, these public debates between coalition partners (mostly between greens and liberals), had to be interpreted as signs of a "new and open debating culture". He believed that the decision-making process would benefit from it.

A first and serious conflict between members of the cabinet was reported on August 20 by the journal *Le Soir*. It appeared that secretary of state for Energy, Olivier Deleuze (Ecolo) had suspended an export-licence for the delivery of nuclear material to Pakistan, while this competence belonged to the responsibilities of the Minister of Economy, Rudy Demotte (PS).

In a reaction to Deleuze's decision, PRL-party leader Ducarme said it would harm the interests of the wallonian company concerned, and of the wallonian economy in general. PS-party leader Elio Di Rupo added that "being a minister is quite something else than being in opposition". In the end, the government decided on September 10th, that the delivery of the security system was only possible in

case Pakistan would accept the "full-scope safeguards" (article 3 of the non-proliferation treaty). As Pakistan did not comply with that treaty, the government's decision *de facto* blocked the export. In exchange, Deleuze lost his competence on the export of nuclear material.

B. *The 2000-budget*

On 17 September 1999, the new Minister for the Budget Johan Vande Lanotte and Finance-minister Didier Reynders presented the budget for the year 2000. The budget was based on expectations of the federal Planbureau, which foresaw an economic growth of 2,5 % of GDP, an inflation of 1,3 %, a longterm interest of 5,85 % and a short term interest of 3,5 %. The overall debt to GDP-ratio was expected to decrease from 114,9 to 112,4 %.

Despite these positive expectations, Vande Lanotte warned for too much optimism. He said that the government could not meet all its promises, due to budgetary setbacks (e.g. the dioxin crisis). Notwithstanding this warning, the government freed € 1,74 billion for new social measures. The lowest pensions were increased, as was the amount of money for the certified income of elderly people. Public transport for elderly people and children up to 12 years of age would become free, for which the national railway company NMBS-SNCB was gifted with € 9,9 million. On top of the decision to re-establish the link between tax-ratios and the index of consumer products, the government also decided to the gradual abolishment of the extra crisis-contribution. As regards the expenses, priority was given to the reform of the Justice department (€ 87 million), to security (€ 32 million), to a change in the policy on asylum (€ 42 million), to the improvement of the quality of life in cities and towns (€ 37 million), to the modernising (€ 50 million) and computerisation (€ 25 million) of the civil service and to development co-operation (€ 42 million). For the first time since 1993, the budget for defence was again linked to the index. The budget was approved by the House of Representatives, on 23 December 1999.

On that same day, the government agreed upon the so-called 'stability-programme 2000-2003', in which the government promised to the European Union to decrease the budgetary deficit to 1,0 % of GDP in 2000 and to 0,5 % in 2001. The aim was to have a surplus on the budget from 2002 onwards. That would be the first time since 1952.

V. The evolution of the dioxin crisis

A. *Measures taken by the government*

On June 18th, the cabinet Dehaene nominated Fred Chaffart, former CEO of the General Bank, as 'crisismanager' in order to work out a compensation-scheme. In his final report of June 30th, Chaffart estimated the financial damage of the dioxin crisis to € 1,49 billion. The new cabinet Verhofstadt nominated Freddy Willockx as commissioner of the government in charge of the dioxin crisis on 20 July. The cabinet hoped that the knowledge of the precise functioning of the European institutions of former MEP Freddy Willockx would help to get more financial aid. Willockx also had to prevent a conviction for negligence of the Belgian State by the European Court of Justice.

In the meanwhile, disappointed farmers organised two manifestations in Brussels (21 June and 4 July) to back their claims for compensations. According to the police, some 3000 to 3500 farmers participated at these manifestations, of which the second one was quite violent.

On two occasions, miscommunication by members of the government led to confusion, and gave the impression that a second dioxin crisis had burst out. This happened on 23 July 1999 and on 7 August 1999. In the first case, the Dutch government immediately had banned the import of Belgian meat, but cancelled the decision the next day. On 7 August 1999, the confusion was based on a wrong interpretation by the Minister of Public Health, Magda Aelvoet of technical information on the percentage of dioxin to fat that is deemed harmful.

In the meanwhile, the government had worked out a regulation to buy up some 60.000 to 80.000 tons of pork and poultry, because of the EU-ban on the export of Belgian meat. The whole operation would cost an estimated €149 million, and was approved by the European Commission on August 16th. The European Veterinary Committee lifted the ban on the export of Belgian beef on September 22nd.

Three months later, the government's commissioner Willockx published his final report (22 December 1999). He declared that the total cost of the dioxin crisis was € 637 million. Moreover, the economic growth had been slowed down by 0,2 percent-points due to the crisis. On macro-economic level the crisis was over, but this was not the case on micro-economic level. There were still some non-agricultural companies that had not been compensated for their losses. As this was a competence of the regional governments, Willockx was dismissed from his duties early 2000.

B. The installation of a parliamentary dioxin-committee

On July 16th, the House of Representatives decided to install a special parliamentary committee, "in charge of the investigation of the production of Belgian meat, dairy-products and eggs and of the political responsibilities for the so-called dioxin crisis". The committee started its activities on September 7th, and was asked to present its conclusions by January 16th, 2000. The hearings revealed that bad functioning of the ministerial departments of Agriculture and of Public Health, and poor internal and mutual communication between these departments were to be blamed for the evolution of the dioxin crisis. A lot of attention was paid to the roles that André Destickere, official of the Institute for Veterinary Expertise, and Guy Verhofstadt (then party-leader of the biggest opposition party) had played in the crisis. Destickere had been the first person to warn the authorities of the contamination in a report of April 21st, but it appeared that he combined his job as official with a job as expert of the insurance company involved in the case. Verhofstadt had received a copy of the report of Destickere and handed it over to prime minister Dehaene on June 1st. One of the key questions for the committee was to sort out at which particular day Verhofstadt had received this report. Verhofstadt claimed it happened on 30 May 1999 and that he handed it over to prime minister Dehaene immediately, given the seriousness of the situation. However, there were rumours that Verhofstadt had received this report much earlier, but that he waited until election time to hand it over to Dehaene, so that he could blame the government in his position as leader of the major opposition party. The dioxin-committee, whose mandate had been prolonged by the House of Representatives, continued its activities until March 2000.

VI. The policy on asylum, foreigners and the granting of the Belgian nationality

From the very beginning of its activities, the cabinet Verhofstadt was confronted with a serious problem of immigration, due to large numbers of refugees from Kosovo, the Czech Republic, Slovakia and other parts of Eastern Europe. Several towns and local officials said they could no longer host all refugees, and they demanded extra means of the federal government. At the end of 1999, the Immigration Services had registered 33.561 demands for asylum, compared to 21.960 in 1998 (+ 53 %). On top of this, the association of Belgian pilots declared mid-July 1999 that its members would no longer co-operate to forced repatriations.

Rapid and determined action by the government was needed, as a result of which the implementation of the policy plans on asylum was given priority. On September 24th, the government agreed upon the advise of Interior minister Antoine Duquesne (PRL) to simplify the procedure for the granting of asylum, while reducing the time of the process as well.

The most important decision, however, was the opportunity for an estimated 50 to 75.000 illegal residents to regularise their stay, be it under strict conditions. The three weeks period of time in which this regularisation could happen, would eventually start on 10 January 2000, in spite of the cabinets desire to act 'promptly and efficiently'. This delay was caused by a veto of the Council of State (decision of 8 October) of the cabinets attempt to organise the regularisation by Royal Decree. The Council of State declared that the regularisation-procedure could not be organised by simple Royal Decree, as it would change the laws on the conditions of stay of foreigners, and thus needed to go through parliament. This veto was a major blow for the government. Finally, the bill was introduced on October 29th, and was passed by the House of Representatives on November 25th and on December 16th by the Senate.

A second point of attention of the cabinet Verhofstadt in the debate on immigration, was the issue of the Belgian nationality. In execution of the governmental agreement, the council of ministers agreed upon the draft of new legislation on the granting of the Belgian nationality (September 24th). The bill that was introduced in parliament simplified the procedure. Applicants of the Belgian nationality would have to meet two simple criteria: they had to be at least 18 years of age, and be registered for more than three years in Belgium. As a consequence of a couple of incidents, provoked by the parties in opposition (e.g. on the alleged possibility procurators would have to take away the Belgian nationality of criminals), the parliamentary debate on the issue was delayed until early January 2000.

VII. Internal Affairs

A. Institutional legislation

- *The possibility to organise referendums.* As an appendix to article 41 of the Constitution, the law of 12 March 1999 stated that "on issues of local or provincial interest, the local or provincial authorities concerned can decide upon the organisation of a referendum". Thanks to this change of the constitution, referendums on local and provincial level which were made possible by legislation of

10 April 1995 and 25 June 1997 respectively, finally matched with the constitutional provisions.

- *District councils.* Two laws of March 19th specified the ways in which communities of more than 100.000 inhabitants could decide to set up district councils, following the 1997-change of the constitution. The districts would consist of a chairman, a board and a council, the latter of which will be elected for six years by the inhabitants of that area. Out of the eight communities with more than 100.000 inhabitants (Antwerp, Bruges, Brussels-capital, Charleroi, Ghent, Liege, Namur and Schaarbeek), only the city of Antwerp decided to organise elections for district councils in October 2000.

- *The rules on the combination of political mandates and the statute of local politicians.* Two bills of 4 May 1999 arranged the cumulation of the mandate of member of the federal and the European parliament on the one hand and of member of the regional parliaments on the other hand, "with other mandates". As a result of this, a member of parliament can combine this mandate with a maximum of one executive political function on local level (major or alderman) or one salaried position in a private or public company. On the same day another bill settled a higher salary and an improved social status for aldermen and majors. From January 2001 onwards, the rewards would be up to two or even three times higher than previously, in particular in small communities of less than 35.000 inhabitants.

B. Reform of the State

The political world, especially in Flanders, was convinced that the elections of June 13th would lead to a further step in the reform of the state. In 1995 the governing parties of the christen-democrats and socialists had agreed upon postponing new initiatives until after 1999. In the meanwhile the Senate was asked to report on the precise functioning of the federal structures, with special interest for the homogeneity of the competences. In its 880-pages report of April 2nd, the Committee on Institutional Affairs of the Senate listed no less than 236 pressure points in the relations between the various policy levels.

In anticipation of a new round of negotiations, the party leaders of PS, PRL-FDF, PSC and Ecolo had regular contacts since 1996, while the Flemish parliament approved five resolutions on the basis of which - according to them - these negotiations should be started (March 3rd, 1999). These resolutions were rejected by the Walloon Regional Council on 23 March 1999 and by the Frenchspeaking Community Council on 30 March 1999.

After the elections, the will to form symmetrical governments on federal level and on regional level, put the Volksunie in a comfortable position, as their support was needed to form a coalition without the christen-democrats on Flemish level. The Volksunie used this key-position to put the reform of the state on the agenda of the negotiations for the formation of a federal government. In spite of the efforts of the Volksunie, the reform of the state was discussed only briefly. The relations between the communities would be discussed in an "Intergovernmental and Interparliamentary Conference for Institution Renewal". This Conference was officially installed on 20 October, and was composed of 31 members (15 Flemish, 15 Frenchspeaking and one representative of the German community). The Conference was presided by Philippe Moureaux, senator for the PS and

Patrik Vankrunkelsven, party leader of the Volksunie. The conference set up two subcommittees, of which the first had to find a solution for the overlaps of competencies between the different policy levels, and the other had to agree upon a new way of financing the regions and communities. On October 26th, a separate Conference was set up to investigate the functioning of the regional institutions and the representation of the Flemish community in Brussels. At the end of 1999, the conference had not resulted in one single agreement or advice.

C. *Reallocation of the funds for education - The Saint Eloi Agreement*

The debate on the adjustment to the key for reallocation of the funds for education of the Financing bill of January 16th, 1989, caused some particular tension between the communities in 1999. According to the 1989-bill, the tax-benefits that were allocated to the communities for the financing of education, was settled at 57,55 % for the Dutchspeaking community and 42,45 % for the Frenchspeaking community until the end of 1998. From 1999 onwards, the key for distribution would be adjusted "on the basis of the distribution of the number of students, according to 'objective criteria'". The cabinet Dehaene II had not been able to set down these 'objective' criteria, because of a dispute on these 'objective criteria'. The Frenchspeaking parties were in favour of using "the number of students" as criterion, while the Dutchspeaking parties were in favour of "the number of students of minus 18 years of age". According to the *Financieel Economische Tijd* there was a difference of some 40.000 students between these two figures, which would result in a financial bias of some € 59 million.

After lengthy debates and negotiations between the federal government and the governments at community level, an agreement was reached in the so-called Saint Eloi Agreement of December 1st, 1999. The reallocation of the financial means would be based on the number of students between 6 and 8 years of age, registered in the period between 15 January 2000 and 1 February 2000. The figures would be checked by the Audit Office. In spite of the formal agreement of all parties involved, the Volksunie still threatened to leave the Flemish government, as they wanted a confirmation that the agreement was only valid for a limited period of time, and that a final regulation still needed to be discussed. In the end, the four Flemish governing parties decided to accept the agreement, on the explicit condition that a global and satisfying agreement had to be reached on the financing of the regions and the communities in 2001.

VIII. Employment and social policy

A. *Policy on employment*

In its second Annual Report, which was published on April 30th, the High Council for Employment argued there was a positive evolution in employment rates in Belgium. In 1998 some 50.000 extra jobs had been created. However, the employment rate of 57,5 % (share of working people of the total population between 15 and 64 years of age) was lower than in the main neighbouring countries (60,8%). This was partly due to the low participation of people older than 50 years of age: only 49 % of the male population of this category had a fulltime job, and a mere 22 % of the female population. At the end of 1999, the Employment Services counted 389.075 unemployed people with a full unemployment benefit, which was 22.500 less than a year before.

The Belgian Action Plan and service-cheques - On February 25th, the House of Representatives voted the Belgian Action Plan for employment, which had been published by the government Dehaene on 24 April 1998. One of the measures that were proposed in the Belgian Action Plan, was the introduction of so-called 'service-cheques', meant to favour the regular proceeding of small household jobs. Due to an overwhelming success, Employment minister Smet was forced to free an extra € 4,96 million to meet the demands. In spite of this success, Smet's successor, Laurette Onkelinx (PS) decided to end the experiment as she aimed for a global plan against moonlighting.

'Starting jobs' - On September 23rd, Employment minister Laurette Onkelinx launched the idea to force all employers, as well in the private as in the public sector, to create extra jobs designed to recruit young people (18-25 years old) and to give them a first job-experience. Two months later, on November 12th, a slightly amended 'Rosetta'-plan, named after the movie about a young unemployed person, was approved by the government. The forced recruitment of school-leavers was only intended for companies of more than 50 employees, and the number of these 'starting jobs' was lowered from the original 4 to 3 percent. Companies that met the requirements would receive fiscal benefits. The cabinet aimed at the creation of 10.000 extra jobs.

B. *Changes in civil service*

The cabinet Verhofstadt agreed upon a policy plan from Luc Van de Bossche, minister for Civil Service, to reform the civil service. Van de Bossche aimed at changing the federal civil service into a modern, dynamic and flexible organisation. According to this plan, the civil service 'new style' should host less leading civil servants, but make more use of experts. Leading civil servants would be appointed for a limited term, instead of for life. On 23 December 1999, the council of ministers agreed upon a change in the general principles of the statute of the civil service, "in order to respect the autonomy of the various governments" on federal and regional level. From then onwards, the three regions could decide upon their own policy on wages, upon the criteria for evaluation and upon the number of categories of personnel they wanted to discern.

C. *Social Security budget*

At the end of 1999, the deficit of the social security system was fixed at € 186 million. The expenses had increased until € 12,03 billion, while the budget had been fixed at € 11,84 billion. In October 1999, the cabinet Verhofstadt rendered some € 12,41 billion for the 2000-budget, while stating that € 25 million had to be reserved for the reimbursement of costs made by chronic diseased patients. In order to reduce the expenses to € 12,39 billion, the cabinet decided to cut costs in the pharmacy-sector.

IX. Foreign and defence policy

A. Foreign policy

Policy plan - On December 3rd, the cabinet Verhofstadt agreed upon the policy plan of Minister for Foreign Affairs Louis Michel. In this document, Michel declared that Belgium would pursue an active foreign policy, especially as regards Central-Africa.

Congo-Kinsbasa - At the very last moment, a diplomatic incident between Belgium and Congo was avoided at the end of March 1999. The government of president Kabila accused two Belgian diplomats of spying, and was planning to expel the two involved. This decision was cancelled the next day, after the Belgian authorities had threatened to use retaliating sanctions. However, the incident was exemplary for the tense relations between the two countries at the beginning of 1999.

On the Summit of the francophone countries in Moncton, Canada (early September 1999), the federal minister for Foreign Affairs, Louis Michel, refused to meet president Kabila. The minister-president of the Frenchspeaking Community government, Hervé Hasquin, however did meet president Kabila, much to the discontent of the federal government. A few weeks later, Michel was willing to meet some representatives of the republic Congo, and at the end of 1999 he had plans to pay an official visit to Congo, Rwanda and Burundi in Spring 2000.

Kosovo-conflict - In two debates on the issue, held on 25 March 1999 and 15 April 1999, the Belgian House of Representatives backed the NATO-bombing on Serbian targets in Kosovo. So did the Belgian population: on 2 May, a demonstration against the air-strikes of the Allied forces mobilised a mere 3.000 to 5.000 participants.

The Belgian share in the NATO-operation existed out of fourteen F16-fighters that were hosted by the Italian army on the military airport of Aviano, and 192 soldiers. Another 132 soldiers were sent to Albania, in order to build a camp for refugees from Kosovo. In total some 600 Belgian soldiers took part in operation Allied Harbour, to protect Kosovo-refugees in Albania, and from August 1999 onwards some 1100 soldiers took part in at the KFOR-mission.

Cuba - From January 11th - 14th, minister for Foreign Affairs Eric Derycke (SP) paid a visit to Cuba. It was the first official visit of a Belgian minister for Foreign Affairs since the Cuban revolution of 1959.

Development Co-operation - By Royal Decree of February 15th, the government laid down the statutes of the new official organisation for Development Co-operation, the Belgian Technical Cooperation (BTC). Unlike its predecessor ABOS, the BTC was to the full extent a governments body.

Right from the start of the new government, there were several conflicts between the state secretary for Development Co-operation Eddy Boutmans (Agalev) and the minister for Foreign Affairs Louis Michel (PRL). The conflicts were generated by the question whether development co-operation was a lever to Foreign Affairs (point of view of Michel) or whether development co-operation was a policy-field on its own (point of view of Boutmans). A compromise was settled

between the two: both promised to inform each other regularly and to co-operate as much as possible.

The law of 25 May 1999 regarding the Belgian International Co-operation, settled the framework for "the policy and the actions of the Belgian government as regards direct bi-lateral, multilateral and indirect bilateral development co-operation". This co-operation should strive for durable human development, based on the fight against poverty and the principle of partnership.

B. *Defence policy*

On January 29th, the cabinet Dehaene agreed upon the investment programme for 1999. Minister for defence, Jean-Pol Poncelet did not get the permission to free € 9,67 million to join the research- and development-programme of the Joint Strike Fighter (JSF). There was a possibility that the airforce would replace its F-16 fighters by JSF's by the year 2015. This operation would cost over € 2,48 billion. At the end of the year, however, the new cabinet Verhofstadt was divided over the issue. Three coalition parties (SP, Agalev and Ecolo) were opposed to the idea of replacement of all F-16s by JSF's, while the PS and the two liberal parties backed the idea. A decision on the issue was postponed until Spring 2000.

Another important decision was the re-establishment of the link between the budget for the Defence-department and the index of consumer products from the budgetary year 2000 onwards. It was the first time this happened since 1993.

X. Other evolutions and developments

Royal Family - On September 10th, King Albert II and Queen Paola officially announced the engagement of their son and crown-prince Philip (39) and Mathilde d'Udekem d'Acoz (26). They did so after having received the constitutionally required consent of the government. On October 21st, Philip and Mathilde started their tour of ten so-called 'Joyful Entries' in the 10 provinces - most of which took place after the wedding. The wedding took place on December 4th, 1999 in the cathedral of Saint Michael and Saint Gudula (Brussels).

The engagement, the 'Joyful Entries' and the wedding received a lot of attention in the media. The remarkable openness of the Royal family on these occasions was interpreted as a means to emphasise the authority of the monarchy and an attempt to improve the image of the country. The euphoria was briefly disrupted by the publication of a book on the life of Queen Paola, in which an allegation was launched that King Albert had an illegitimate daughter. In his traditional Christmas address to the nation, King Albert made an allusion to "the crisis in which [his] marriage had been some thirty years ago", but he did not want to go into more details, as "it belonged to [his] privacy".

National Bank - On January 29th, the cabinet Dehaene approved the changes in the composition of the Board of Directors of the National Bank. Guy Quaden, who is affiliated with the PS, succeeded to Fons Verplaetse as Governor on 1 March 1999. Marcia De Wachter was nominated as deputy-Governor.

Euthanasia - In the aftermath of the debate on 'a dignified end of life', held in the Senate in December 1997, the christen-democratic parties had made it very clear to their coalition partners that they were hostile against every attempt to form an 'alternative majority' on ethical issues. Subsequently, an open debate on

the issue of euthanasia had been impossible until the formation of the government Verhofstadt. The governmental agreement of the cabinet Verhofstadt stated that parliament should take its full responsibility on ethical issues. In the Autumn of 1999, five bills on euthanasia were introduced by MPs of VLD, PRL, Agalev, SP and PS (jointly) and CVP and PSC (jointly). On December 22nd, the majority parties found a consensus which was the synthesis of the individual party bills. The christen-democrats were disappointed that they had not been consulted on a delicate matter as euthanasia. The parliamentary and societal debate continued into the year 2000.

Dutroux-case. The follow up committee on the Dutroux pedophile case held its last meeting on 30 March 1999. In its final report, the committee noted that nearly all the recommendations of the Committee-Dutroux had been implemented or were in a phase of being implemented, but that the issue of the disciplinary sanctions against members of the magistrature and the policeforces was far from clear.

Agusta-Dassault-case. On 1 December 1999, the Court of Cassation rejected the appeal of Willy Claes, Johan Delange, Etienne Mangé, Luc Wallyn and Alfons Puelinckx against their conviction in the Agusta-Dassault bribery case in December 1998.

XI. Evolutions in the political parties

In 1999, party politics was mainly dominated by the campaigns for the general elections of 13 June 1999. In the aftermath of these elections nearly all parties replaced their party leader.

VLD - On January 6th, the party bureau, of the VLD decided to remove senator Leo Goovaerts from the electoral list for the Senate and to expel him from the partybureau. In a newspaper interview, Goovaerts, treasurer of the party from 1989 until 1997, had criticised the leadership of Verhofstadt and had declared that deputy party leader Rik Daems would be a better party leader. Guy Verhofstadt said that the sanction of Goovaerts was justified by the fact he needed the best possible team to win the elections, and that "[he] did not need players who constantly scored own-goals".

On 12 July 1999, in the aftermath of the government formation, Karel De Gucht was appointed as party leader ad interim, in succession of Guy Verhofstadt. The appointment of De Gucht was a surprise, as at first Marleen Vanderpoorten had been asked for the function of party leader. In that scenario, De Gucht would have become Minister of Economic Affairs in the Flemish government. However, Vanderpoorten refused the party leadership, and became minister of Education in the Flemish government. De Gucht was officially elected by the members of the party, on November 22nd. He obtained 68,1 % of the votes, while his challenger Geert Versnick, Member of Parliament and former companion of Verhofstadt, received 29,2 % of the votes. Some 20.365 party members took part in the election, which resulted in a low participation rate of 26,7 %.

CVP - In the CVP as well, the settling of the electoral lists caused a lot of trouble, in particular the list for the European Parliament. Wilfried Martens, EVP-party leader and leader of the parliamentary EVP-party in the European Parliament, refused to accept the second place on the list. The head of the list had been

reserved for the minister of Employment Miet Smet. After one week of multiple 'diplomatic' initiatives to ease the conflict, Martens still refused to accept the second place, and subsequently was removed from the electoral list. On a press conference of February 25th, Martens declared that the origins of his removal from the list had to do with his acceptance of Forza Italia to join the EVP-parliamentary party.

The day after the general elections, former prime minister Dehaene took full responsibility for the electoral defeat. In this respect, he saved the party from "a night of long knives and patricide". At first instance, party leader Marc Van Peel saw no reason to resign. However, on 23 August, he declared that he would not seek for re-election as party leader. On October 9th, 1999, the CVP announced the results of the anticipated party leadership elections on a happening in Londerzeel. Stefaan De Clerck, the only candidate for the party leadership received a massive support of 96,4 % of the 21.059 members who took part in the election. Only one fifth of the CVP party members participated at the leadership elections.

SP - In an 'open letter' published in *De Standaard* (24 February), eight MPs and academicians - representatives of the leftist side of the party - demanded full clarity on the involvement of the SP in the Agusta-Dassault-case. They refused to believe "the official story" that Mangé had acted on his own behalf, and they wanted to know which party federations and which individuals had benefited from the money. In a fierce reaction on the party conference of March 27th, both party leader Fred Erdman and Louis Tobback lashed out at "that group of frustrated politicians and academicians".

In the aftermath of the general elections, the partybureau decided to hold leadership elections on October 16th. Then party leader Fred Erdman was not seeking for re-election. In summertime, the rumour was spread that the next SP party leader would be a young female person. Eventually, this was not the case. Nonetheless, the nomination of Patrick Janssens, director of an advertising company, was a big surprise. As advertising agent Janssens had been involved in the electoral campaigns of the SP since 1992. He was member of the party since 1995. And although his nomination received a lot of scepticism by rank and file members and by political commentators, his nomination was officialised by the members of the party without a problem (October 16th, 1999). Janssens was the only candidate, and received 29.280 (81,6 %) of the votes, by 4.530 votes against and 2.064 abstentions. Almost half of the SP members took part in the vote (48,9 %).

Volksunie - The Volksunie was divided on the issue whether or not to take part in the Flemish government. On its conference of July 10th, there were 161 votes in favour of participation, by 86 votes against and 12 abstentions. According to the party statutes, Bert Anciaux could not become minister (as he had been party leader less than two years before the participation in government). Anciaux asked for an exception to this party rule, which needed a two-third majority, but which was refused (only 66 voted in favour of granting an exception, while 56 voted against). After a very emotional reaction of Anciaux to his defeat, and diplomatic actions by party leader Vankrunkelsven, a second vote was organised the following day. Eventually Anciaux was granted his ministerial function in this second vote.

The relations between the Volksunie and its alliance partner ID21 remained problematic even after the elections. While the Volksunie aimed for total integra-

tion of the two organisations, the ID21 stressed its independence. On November 13th, Volksunie and ID21 arranged a settlement that both parties would take part in the local elections of October 2000 with joint Volksunie-ID21 lists.

On October 14th, an important change to the party rules decided that in future all party members would be involved in the election of the party leadership. The Volksunie was the last political party to adopt this rule. The first elections under the new rules, would be held on 15 January 2000, between the incumbent party leader Patrik Vankrunkelsven and challenger Geert Bourgeois.

Agalev - Jos Geysels, temporary political secretary of Agalev since the death of Wilfried Bervoets in July 1998, was re-elected in this position on a party conference of October 23rd.

PS - In the weekend of 8 and 9 October 1999, the 104.000 members of the PS were invited for the first time to elect their party leader by universal suffrage. There were four candidates for the position, of which Elio Di Rupo, minister-president of the Walloon regional government, was backed by the party establishment. Eventually, Di Rupo won with 71,4 % of the votes, while senator Annemarie Lizin received 16,9 % of the votes, MEP Jean-Maurice Dehousse 7,4 % and Michel Villan 1,6 %. There was a relatively high participation rate of 38,7 % (40.258 members took part). Di Rupo would combine the functions of party leader and of minister-president of the Walloon government until 1 May 2000.

PSC - In anticipation of his nomination as chairman of the European Investment Bank, Philippe Maystadt resigned as party leader. Joëlle Milquet became the first female party leader of the Parti Social Chrétien on October 23rd. The way in which the party leadership was handed over, without elections, had been decided upon at the last leadership elections in June 1998.

PRL - The partybureau of the PRL nominated MEP Daniel Ducarme as party leader at interim, in succession of Louis Michel on 16 July 1999. The official appointment of Ducarme as party leader took place on November 23rd, by the vote of 14.290 members of the party: 13.354 voted in favour (94.2 %), by 849 votes against and 97 abstentions.