

7 The preservation of social security as a national function in the Belgian federal state

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Introduction

In this chapter we will mainly focus on one of the most important aspects of the current Belgian political debate: social security. Besides the basic importance of such social programmes for wealth redistribution and socio-economic equality, the issue of social security in Belgium is closely related to territorial and ethno-linguistic politics. Social security has been linked to the unification and centralization of the different social regimes throughout the whole country (see pp. 000–0). The economic crisis exacerbated the first decentralization claims and social security became a central element of inter-regional relations in Belgium, in both economic and political terms, through the issue of fiscal transfers and Flemish demands for the regionalization of competencies and institutional reforms (see pp. 000–0). In the final section (pp. 000–0), we consider the impact of territorial identity and public opinion on the social security debate, drawing conclusions on the role of social security in shaping the institutional future of Belgium.

The decentralization process in Belgium has been incremental and is ongoing. The transformation of Belgium from a unitary to a federal state began in 1970. This federalization led to the Belgian state transferring certain competencies, among which some directly connected with welfare matters, to the federated entities. There are two different kinds of federated entities: three communities (French, Flemish and German-speaking), which are responsible for cultural, social and education matters; and three regions (Wallonia, Flanders and Brussels-Capital) governing matters concerning economic and regional development, environment protection, public transportation and housing. Consequently, public budgets were attributed to federal entities and dispersed through a complex distribution scheme.¹

This institutional system is a result of the compromise reached between two contradictory but complementary concepts: culture and economy (van Dam and Nizet, 2002). Flemish nationalists defended the idea of a federal structure with two cultural components – Flemish and Walloon –

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1 based on the existence of two distinct cultural communities or even
2 nations. The Walloon movements in favour of autonomy supported the
3 idea of delegating economic matters to three regions (Flanders, Wallonia,
4 Brussels-Capital) which would then manage their own economic develop-
5 ment.

6 The complexity of the new federal state structure is evident in four
7 respects. First of all, the structure is *asymmetrical*: the Flemish region and
8 community have been merged since 1980, while the Walloon region and
9 the French community remain distinct. The Brussels-Capital region is an
10 urban entity composed of 19 districts (*communes*) which, although 85 per
11 cent of the region's population is French-speaking, is enclosed within a
12 Flemish-speaking area. The structure is also *bipolar*: two main communities
13 (Flemish and French-speaking) coexist in Brussels; and three community
14 commissions (French, Flemish and a joint commission) represent the cul-
15 tural communities in the Brussels-Capital region.² Third, there is *no hier-*
16 *archy* in legal norms: a regional or community decree concerning matters
17 over which these political entities have authority is equivalent to a federal
18 law. In that sense, the federal state has no legal authority over regions and
19 communities. The only power the federal state can exercise over the
20 regions and communities is its fiscal power. Indeed, the federal state, as
21 the main collector of taxes in Belgium, has the power to influence the
22 resources available for the regions and communities through the alloca-
23 tion of federal finance. Finally, the system is characterized by the principle
24 of '*competencies sharing*'. Until 1993, institutional reforms were focused on
25 the decentralization of competencies to the regions and communities.
26 This process focused attention on competencies transferred to the regions
27 and communities, leaving the residual power in the hands of the federal
28 state. However, in the constitutional reform of 1993 this residual power
29 was formally attributed to the federated entities, but in practice this has
30 yet to be effected, for two main reasons. First of all, the competencies of
31 the federal state have yet to be clarified. Second, the question of which
32 entity would receive this residual power remains unanswered. Would it be
33 a shared power – shared between regions and communities – or entirely
34 attributed to one of them? Thus, the Belgian federal system remains
35 unsettled, and is still awaiting the inclusion of a new article in the Consti-
36 tution which would clarify the exclusive competencies of the federal
37 entities.

38 Discussions of the welfare state in the Belgian context revolve around
39 issues of social security.³ A parliamentary commission set up by the
40 national parliament in 1980, with the aim of codifying and harmonizing
41 the concept of social security, pleaded in its final report for a large defini-
42 tion of the concept to include family allowances, social insurance systems
43 for employees, self-employed and civil servants, provisions for disabled
44 persons and the minimum guaranteed income. Until 1993, 'social securi-
45 ty' was not mentioned explicitly in the Belgian Constitution. However,

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the renewed 1993 Constitution established (in Article 23) that everyone has a right to social security, health protection and social, medical and legal aid; but the concept of 'social security' remained quite vague.

The national Constituting Assembly of 1993 reserved the application of Article 23 rights to the legislative power, but did not specify whether this competence was to rest with the federal state, the communities or the regions. Competence ownership in the field of social security was partly established by a special law (modified) in 1980, which noted that 'only the national authority is competent for social security' (Special Law of Institutional Reforms, 8 August 1980, Art. 6, §1[VI]). In 1998, the State Council also gave a restrictive definition of the concept and concluded that competencies reserved to the federal level in terms of social security only concern those regimes of social protection financed by employers/workers contributions and covering the active population and the family (Advice of the State Council, 17 December 1998, no. L.28.583/3). Communities, which since 1980 had competence for domains related to 'persons',⁴ would therefore be competent for the organization of social insurance programmes covering their resident population, but this interpretation of the legislation by the State Council remained without consequences.

Thus, only the national (federal) entities are competent for *social insurance* (health care, pensions, family allowances, unemployment allowances and occupational accidents and invalidity allowances). As far as *social aid* is concerned, the laws that grant minimum revenues remain federal while the communities are competent for granting complementary aids. Finally, the competencies not belonging to the strict sense of social security as defined in 1980 are completely scattered between the different levels of decision-making, such as family policy, disabled persons policy, elderly policy, etc.

Territory and welfare expansion

Since 1993 the right to be protected by social security has been enshrined in Article 23 of the Belgian Constitution. This represented a formal recognition of rights which had been granted within the Belgian welfare system for decades. Before the Second World War, Belgium already had a fairly well-developed system of social protection.⁵ After the 'liberation', the political and social elite argued for the implementation of a more universalistic conception of solidarity,⁶ equal for everyone, without any distinction of language or socio-economic status. During the decades following the war the Belgian system of social security was reformed, with new social and welfare programmes having an impact on the territorial organization of the welfare state.

Unity and universality

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After the Second World War, the main idea promoted by Belgian political and social elites was that of a unitary social security system, identical throughout the different regions of the country. The 'Project of Agreement on Social Security' and the 'Report to the Regent' included in the Arrêté-Loi of 28 December 1944 reflected this new universalistic conception. No mention was made of distinctive regimes based on geographical criteria or even of a territorially decentralized organization. Instead, both texts insisted on a conception of social security as a universal construction relying on a centralized organization and on the development of a system of social protection based upon national solidarity.

The establishment of a new social protection system was therefore a crucial issue in 1944, but a sense of urgency *pushed* the decision-makers to set up a provisional scheme, partly founded upon the pre-existing system. In the event, this 'provisional' regime became the definitive one. While a consensus existed among Belgian parties on the necessity to take urgent measures, there was no agreement on the shape such measures should assume. The Arrêté-Loi of 28 December 1944 created a more structured system of social security in Belgian law. It introduced a compulsory social insurance scheme protecting citizens against unemployment and occupational accidents.

The period between 1944 and 1975 was characterized by a gradual extension of the mechanisms of social protection in favour of persons excluded by the system of contributions linked to work. This period witnessed an extension of the general regime, bringing together employee regimes and the development of social security for independent workers. There was a clear tendency towards 'universalization', with the different branches of social security now covering almost the entire Belgian population, alongside a unification of the distinctive social protection regimes applied to employees, independent workers and civil officers.

The Arrêté-Loi of 1944, and its 'application arrest' of 21 March 1945, recognized the compulsory character of occupational accidents insurance, but only the employees and the members of their family could benefit from health-care insurance. The law of August 1963 allowed an extension of health-care insurance to other sections of the population, including independent workers and civil servants (1964), people with disabilities (1967–68), servants and people in service (1969), and members of religious communities (1969), while the law of June 1969 extended illness-invalidity insurance to those groups as yet unprotected. The main objective in the latter case was to generalize the application of health insurance to the totality of the population, to ensure all Belgians had access to health care.

Besides this tendency towards universalization or an inclusion of the whole Belgian population in the social security scheme, the idea of having

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a unique social protection regime originated in the political sphere. Between 1965 and 1975 there were several propositions for grouping the three different social security regimes in a single scheme. For example, in 1965 the three main Belgian parties – Parti Social-Chrétien (PSC), Parti Libéral Populaire (PLP) and Parti Socialiste Belge (PSB) – called for a progressive harmonization of the regimes covering employees and independent workers. More remarkably, the regionalist parties – Volk-sunie (VU), Front des Francophones (FDF) and Rassemblement Wallon (RW) – also wanted complete social equality between employees and independent workers and a fusion of the three regimes. They therefore argued for a unique social security system by affirming that their conception of social security relied upon the so-called ‘solidarity principle’ (a principle that, a few years later, would be ‘forgotten’ due to the dispute around the north–south transfers). The very last proposals date from 1978, and, thereafter, as a result of the economic crisis and linguistic disputes, the legislative projects and dispositions confirmed the existence of three separate regimes of social security and buried the unification projects.

The maintenance of a separation between social regimes and the evident difficulties in unifying them is not independent of territorial issues. The creation of a social security system relying on three pillars was linked with the process of regionalization. For example, there is a risk of seeing the financing of the system by taxes – which may produce financial transfers between regimes – leading to claims for attributing health care and family allowances to the communities in the framework of homogeneous blocs of competencies. This incited some political and social actors to withdraw their claims for a generalization and a unification of these sectors (Arcq and Blaise, 1998: 545).

First traces of decentralization

The drift towards the universalization and unification of the social security system downplayed the role of the geographic elements in the Belgian welfare system. Nevertheless, this period of welfare expansion – the ‘progress phase’ towards a more efficient social security system and better social protection – was also characterized by marginal but still significant debates around the decentralization of the welfare organization itself.

If some argued before the Second World War that the social security scheme should be implemented at the provincial level (Trocllet, 1939: 82–3), the ‘Project of Agreement on Social Security’ and the ‘Report to the Regent’ both considered a relative decentralization of the insurance illness-invalidity programme. This decentralization would have consisted of regional administrative units and only concerned the application of the regulation, not the regulations and services themselves, which were to stay at the national level. The issue of regional decentralization was also

1 present in 1948 in the debate around the General Parity Council and in
2 the discourses of H. Fuss, state secretary, who called in 1951 for a regional-
3 ization of family allowances and of a regional collection of contributions.
4 By the end of the 1950s there were also ministerial proposals for a decen-
5 tralization to the regions of the occupational accidents insurance pro-
6 gramme, but this had to be renounced because of the opposition of the
7 Walloon partners. Finally, in 1969, the Christian-Democrat labour union
8 called for 'urgency in humanizing social security'. They wanted to ensure
9 that social security would be closer to those persons it was intended to
10 protect and, therefore, they called for a significant decentralization of
11 social security legislation to the regional level.

12 Counter-arguments can be found at the national level which reveal a
13 will to prevent the decentralization of social security. Some argued that
14 decentralization would not be efficient and would increase the complexity
15 of the social protection system. Furthermore, concerns were raised that
16 contributions would vary between regions and that the resulting advan-
17 tages would be unequal. Finally, the regions would only have a limited
18 role, and institutional pluralism in the case of separate schemes would be
19 threatened (Trochet, 1961). The prevailing view at the time was that
20 central and national administrations should be primarily responsible for
21 social security programmes, and to dismember or decentralize the social
22 institutions was neither necessary nor desirable. Where territorial decen-
23 tralization was favoured, it was from a functional point of view, and paid
24 little heed to questions of community or cultural identity.

25 However, the issue of inter-regional transfers was significant after the
26 Second World War. In a chapter entitled 'Compensation and the
27 Walloon-Flemish Problem', Trochet (1949) highlighted the problem of the
28 financial flows between Wallonia and Flanders. He noted that compensa-
29 tion was less favourable to Wallonia, as it had to pay the unemployment
30 and family allowances and health insurance of the Flemish population
31 without any counterpart.⁷ This, it was argued, disadvantaged Walloon
32 industry and employment by encouraging the relocation of a lot of com-
33 panies to Flanders. This so-called 'community dualism' had a considerable
34 influence on the reform of the social security system. The economic and
35 geographic variables introduced a political element into the debate and
36 the problem of financial transfers revealed for the first time in Belgium a
37 clear link between the welfare state and the politics of territorial identity.

38 While the emergence of the issue of a territorialized social security
39 system only occurred in the 1990s among the traditional Belgian parties, it
40 should be noted that this theme is evident within the political discourse of
41 regionalist parties much earlier, before contextual changes resulting from
42 the economic crisis of 1975. The manifestos of both the Volksunie and the
43 cartel RW-FDF in 1968 supported the maintenance of a unique and
44 national system of social protection and denied the need for a decen-
45 tralization of social security. However, by 1971, the VU manifesto demanded a

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regionalization of welfare that would benefit Flanders, while the RW and FDF asserted a social policy adapted to the demographic and economic characteristics of Wallonia, proposing a decentralization of family allowances and health care, but a unique and national regime for pensions and unemployment allowances.

In conclusion, Belgium saw an important development of its social security scheme between 1944 and the economic crisis of 1975. This period was characterized by a process of welfare expansion which sought to extend social protection to almost the entire Belgian population, and was dominated by debates promoting the unification of the different social security regimes. Social protection and solidarity significantly increased during this period. This 'progress phase' was not realized in a linear way because of, among other reasons, budgetary problems, but social protection was more or less expanded to the whole population without regional or territorial distinction, and organized on a centralized and national basis.

Social security was clearly the preserve of the national level, with support for the universalization and unification of the different aspects of social policy. At that time, the territorial configuration of the welfare system was a consequence of debates over the most convenient level at which to organize the social protection regime. Some traces of the regional welfare claims raised the problem of the relationships between the two main linguistic groups that compose the Belgian political landscape.

Territory and welfare retrenchment

Many Belgian scientists consider 1975 as a 'border year' between two periods: the extension or progress phase of welfare (1944–75) and a phase marked by economic crisis. This economic situation can be defined as a structural transition and mutation crisis that had effects on the social protection scheme. For example, there were greater demands upon social security because of increased unemployment and a budgetary deficit in the health-care sector. More globally, the crisis limited social protection and even questioned its foundations. The trend towards unification of the social security regimes was rapidly forgotten. The different political parties turned towards a conception of social security where some sectors – the professional risk sectors and the so-called sectors with a 'universal vocation' – had to remain separate from or even impermeable to each other.

If the improvement of social services was the dominant issue in the period 1944–75, after 1975 Belgium entered a 'regression' or retrenchment phase. This second period nevertheless witnessed some improvements within social sectors, but these remained limited in scope and were overshadowed by the debate around the limitations of social security.

1 These debates took place in a sociological and institutional context that
2 transformed demographic and economic problems into highly political
3 issues.

4 5 *Transfers*

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7 Social security is the pillar of the welfare state that generates solidarity
8 between individuals and classes (interpersonal solidarity). Schematically, it
9 distributes the income of healthy active adults to children, patients, the
10 unemployed or pensioners. However, when the different categories of
11 persons are not evenly represented in a homogeneous national territory,
12 but where the fiscal model and the criteria of attribution are uniform,
13 social security contributes in an implicit way to the development and
14 maintenance of inter-regional solidarity. It distributes the income of the
15 richest regions to the regions containing more children, more patients,
16 more unemployed and more pensioners (Pagano, 2002; Cattoir and Doc-
17 quier, 1999).

18 The analysis of implicit transfers between territorial entities may be
19 interesting for detecting abnormalities or for discovering important differ-
20 ences in the interpretation of norms. The problem of the interpretation
21 of social security legislation is essential because a viable solidarity requires
22 its homogeneous application on the entire territory (Roland *et al.*, 1999).
23 By definition, the existence of important implicit transfers does not mean
24 a dysfunction of the system of solidarity but is, in itself, an indicator of its
25 utility. Indeed, the concept of 'solidarity' naturally implies transfers of
26 wealth.

27 Before 1990, accurate and reliable statistics relating to inter-regional
28 differences did not exist. Decision-makers could only speculate on their
29 existence and on the direction of the financial flows. Moreover, the
30 administrative data themselves were not distributed by region. At the end
31 of the 1980s, the scientific community began to examine the financial
32 transfers between Belgian communities. The analyses made by the 'Club
33 van Leuven' in 1989 were the first of many (see also van Rompuy and
34 Bilsen, 1988, 1993; Leblanc, 1990; Dethée, 1991; Dethée *et al.*, 1991;
35 Defeyt, 1991; Dottermans, 1997; de Boeck and van Gompel, 1998; Doc-
36 quier, 1999; Caruso *et al.*, 2002). They all demonstrated more or less the
37 existence of such explicit or implicit transfers between regions. Unsurpris-
38 ingly, financial support between regions or communities were found to be
39 largely in favour of the Walloon and Brussels regions, and consisted of
40 transfers from Flanders to Wallonia and Brussels.⁸

41 As far as welfare expenditures were concerned, 33 per cent of the 1999
42 budget was allocated to the Walloon region, 57 per cent to Flanders and
43 10 per cent to Brussels. These figures broadly corresponded to the distribu-
44 tion of the population in Belgium: 32.7, 58.1 and 9.2 per cent, respec-
45 tively. However, concerning social protection revenues, each region's

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share was appreciably different: 29 per cent for Wallonia, 63 per cent for Flanders and 8 per cent for Brussels. Thus, in demographic terms, Flanders' contribution to global revenues was greater than its share of the population.

Table 7.1 represents inter-regional implicit transfers distributed for each sector of social security in 1999. In total, implicit transfers from Flanders to the Walloon and Brussels region reached 92.1 billion Belgian francs (Bef) in 1999, or 0.98 per cent of Belgian GDP. These implicit transfers were distributed with 25.2 per cent for Brussels and 74.8 per cent for the Walloon region. Social security expenditures contributed poorly to the total amount of transfers – they represented only 15.1 billion Bef out of a total budget of 92.1 billion Bef; that is, 16.4 per cent – and were equally distributed between Wallonia and Brussels. But the bigger difference in the domain of the revenues explained the biggest part of the implicit transfers: 83.6 per cent, or 76.9 billion Bef, resulted from the different contributory capacity of the three regions, in particular the revenues made by the Walloon region (61.2 billion Bef or 79.6 per cent of the 76.9 billion Bef).

We can also analyse the distribution of the implicit transfers for each of the sectors of social security. In general, we can summarize the directions of the transfers as below:

- from Flanders and Brussels to Wallonia: invalidity allowances, occupational accidents and diseases, and unemployment;
- from Flanders and Wallonia to Brussels: health care;
- from Flanders to Wallonia and Brussels: pensions and family allowances;
- from Wallonia and Brussels to Flanders: pre-pensions.

National and regional debates

At a national and institutionally formal level, the decentralization debate never emerged in official documents or in the political arena. During the first steps of the reform of the state (1970 and 1980), social security remained an exclusively federal competence, without much debate or even a clear definition of what exactly social security entailed. Whereas in 1980 we can identify a consensus on the principle that the social protection scheme should remain federal, by 1988 this consensus began to disappear. This explains why the main political parties felt the need to explicitly mention that the federal state held an exclusive competence in social security (Poirier and Vansteenkiste, 2000: 347). The same occurred during debates around the state reforms of 1993, when federal competence in the field of the social security was reaffirmed.

The agreement reached between coalition partners following an election – the government agreement – sets the priorities for that

Table 7.1 Implicit transfers (1999), in millions of Bef and percentage of GDP

<i>Transfers</i>	<i>Health</i>	<i>Invalidity</i>	<i>Pensions</i>	<i>Family allowance</i>	<i>Occupational accidents</i>	<i>Unemployment</i>	<i>Pre-pensions</i>	<i>Others</i>	<i>Total</i>
<i>Expenditure</i>									
Wallonia	610	-2,296	-3,052	-1,237	-407	-3,409	2,062	7	-7,722
Flanders	8,850	469	4,572	2,562	83	2,638	-4,042	-8	15,124
Brussels	-9,460	1,827	-1,520	-1,325	324	771	1,980	1	-7,402
<i>Revenues</i>									
Wallonia	-18,971	-4,237	-22,171	-5,543	-750	-7,428	-1,961	-87	-61,148
Flanders	23,873	5,331	27,900	6,975	944	9,348	2,468	110	76,949
Brussels	-4,902	-1,094	-5,729	-1,432	-194	-1,920	-507	-23	-15,801
<i>Total</i>									
Wallonia	-18,361	-6,533	-25,223	-6,780	-1,157	-10,837	101	-80	-68,870
Flanders	32,723	5,800	32,472	9,537	1,027	11,986	-1,574	102	92,073
Brussels	-14,362	733	-7,249	-2,757	130	-1,149	1,473	-22	-23,203
<i>Total (% of GDP)</i>									
Wallonia	-0.2	-0.07	-0.27	-0.07	-0.01	-0.12	0.0	0.0	-0.74
Flanders	0.35	0.06	0.35	0.1	0.01	0.13	-0.02	0.0	0.98
Brussels	-0.15	0.01	-0.08	-0.03	0.0	-0.01	0.02	0.0	-0.24

Source: Adapted from Docquier (1999: 235).

Note

A minus sign indicates a received implicit transfer; an entry with no sign means a paid transfer.

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government's term in office. As government agreements are one of the products (together with the allocation of ministerial portfolios) of negotiations between delegations of the parties of the coalition, they are supposed to reflect the programmatic stances of the parties that are entering the coalition. Between 1944 and 2003, all 41 government agreements dealt more or less with the theme of social security, but none of them pleaded for social security decentralization (Leblanc, 1990: 3; Arcq, 1995; Poirier and Vansteenkiste, 2000: 351). In fact, the terms used describing this domain of policy have remained somewhat vague because government agreements must, by definition, win the approval of all coalition partners.

Since the disappearance of the Flemish nationalist party, *Volksunie*, from the political landscape,⁹ almost all other Flemish parties have tried to recover the votes of the Flemish nationalist electorate. In their manifestos for the Belgian federal elections of May 2003, and especially for the regional elections of June 2004, we can identify greater demand for social security decentralization in favour of Flanders. But this still does not affect the federal level, and no steps or concrete decisions have been taken in the direction of the partial regionalization of social security. During the formation of the federal cabinet's coalition in 2003 and the drafting of the government agreement, the future of the social security system barely entered the debate.

At the national or federal level of decision-making, the issue of social security has arguably remained a sort of 'taboo' subject. The uniform and quasi-unanimous position of the French-speaking parties on this theme forms an impermeable barrier to Flemish claims. For example, in 1998 and 1999, the Commission for Institutional Affairs of the (federal) Senate met to consider the issue of social security, but, despite the remarks of the ministry of the Flemish region in support of the regionalization of social security (with strong pressure for such a regionalization from the Flemish authorities and the Flemish political elite), there was not a single word about the regionalization of social security in the Commission's 120-page report.

Debates over the territorial structure of the social security system arrived on the public and media agenda around 1991 (Arcq and Blaise, 1998), and some Flemish actors had engaged in debates over the regionalization of social security since 1980. These debates emerged within the Flemish Economic Union (*Vlaams Economisch Verbond*) and the Flemish Christian Mutual Insurance Company (*Caritas Catholica Vlaanderen*), but were rapidly taken up by Flemish nationalist parties (*Volksunie* and *Vlaams Blok*) (Leblanc, 1990: 22).

On the Flemish side, a working group was launched by the Flemish parliament in 1993, the so-called 'Flemish Research Group on Social Security 2002', to study the geographical repartition of competencies on social security (*Vlaamse Onderzoeksgroep Sociale Zekerheid 2002*). In February

1 1996, the Flemish government released a memorandum in which it called
2 for new constitutional settings on, among other issues, social security. In
3 March 1997, the Commission on the Reform of the State of the Flemish
4 Parliament made public a report in which they asked for new transfers of
5 competencies in the field of family allowances and health care, and, in
6 1999, the Flemish parliament itself released a resolution where it affirmed
7 its will for a new reform of the state that would include negotiations
8 around the most adequate level of decision-making on social security.

9 As far as political parties are concerned, none of the main French-
10 speaking parties wanted to see a regionalization of the social security
11 regime. They were almost unanimous in their claims for the maintenance
12 of a national system which could be applied to everybody, regardless of
13 where in Belgium they live. On the other side of the linguistic border, no
14 consensus existed among the Flemish parties. Some wanted a total region-
15 alization of the social security system (VB, ex-VU parties), while others
16 wanted only a partial regionalization (CD&V, VLD, SP.A), and some
17 wanted to maintain a national welfare scheme (Groen!). Socio-economic
18 actors, including trade unions and employers' organizations, were almost
19 all against a regionalization of social security (the labour unions CSC,
20 FGTB, CGSLB and the employers' union FEB, UWE), with the exception
21 of the Flemish Employers Union (VEV), who sought a regionalization of
22 some parts of the whole social protection system.

23 The Belgian political landscape is therefore clearly divided between the
24 opponents and the partisans of a regionalization of social security compe-
25 tencies. In general, Flemish political parties and political institutions are
26 in favour of reforms that will share the competencies in the domains of
27 the social security between the federal and the federated levels. Most call
28 for a solution somewhere between a total regionalization of social security
29 and the maintenance of the existing system. But, because of the unilateral
30 and unanimous opposition of the French-speaking actors, this issue never
31 gets through the complexity of the Belgian system and never reaches the
32 national arena.

34 *Main arguments*

35 The main political argument for the de-federalization or regionalization
36 of social security is an argument of coherence.¹⁰ The desire to consolidate
37 'split' competencies can lead to a better homogeneity of the blocs of trans-
38 ferred competencies and to more efficient and coherent social policies.
39 The Flemish parties also stress structural differences that exist between
40 regions and the need for differentiated policies that could lead to a more
41 efficient management of social security. The federal character of the
42 social protection scheme is also considered to represent an obstacle to
43 innovative policies.

44 The reference to the principle of subsidiarity is also present in the
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Flemish parties' manifestos. This principle, defended European Union discourse, is exploited in Flanders to advocate that decisions should be taken at the most adequate level as far as efficiency is concerned. Social security would be, it is argued, closer to the people and have a greater social impact if implemented at the regional rather than at the national level.

In Flemish discourses, the problem of fiscal transfers is central. Disparities between regional revenues and transfers can be explained by objective reasons, such as demographic or economic variables, but some new sociological arguments have appeared. For some Flemish political actors, French-speaking inhabitants are accused of profiting from the national welfare system, and are viewed as lazy people that misuse Flemish money and solidarity.

The problem of which federated entity would inherit the competence – the region or the community – reappeared recently in the Belgian debate. The proposal of the Flemish parliament argued for a transfer to the communities, with the inhabitants of Brussels given an option to choose between the Flemish or the French-speaking model of social security, creating social disparities inside the same region. However, a regionalization of social security seems currently unaffordable because it would require that the Flemish political world 'abandon' Brussels.¹¹ This is in contradiction with the discourses of all Flemish parties and with the thesis espoused by the Flemish movement for decades.

In addition to the question of Brussels, French-speaking parties and supporters of a unitary social security claim that the question of financial transfers can be moderated. They argue that the unjustified character of such fluxes is exaggerated because the perceived variations between regions are overestimated and are in decline. Moreover, some suggest that these transfers may reverse in the longer term, with Wallonia being a net contributor rather than a net beneficiary (Spinnewyn, 1998: 125; Beine and Docquier, 2000). Indeed, it should also be conceded that socio-economic studies have indicated that intra-regional disparities are more important than disparities between regions (Pagano, 2002).

In spite of the fact that the three regions share the same social tradition inspired by Bismarck, a disintegration of the social security system would increase the poverty of the Walloon and Brussels population in both relative and absolute terms (Delhousse and Perelman, 1999). In addition, these regions could ill afford such a change because of the poor substitute that a 'social Europe' can offer. As long as Europe is not yet able to help regions in a significant way in the field of social security, regions will face great difficulties if they have to fight poverty and economic inequality with only their own limited capacities.

Conclusion

As discussed above, Flemish political elites frequently try to put the issue of social security on to the political agenda. By contrast, Walloon politicians fear that the regionalization of the social security system would disadvantage Wallonia, and may herald the end of the Belgian state. The objective of this final section is to determine the link between political and territorial identity and the institutional claims of Belgians, especially of Flemish citizens, as regards social security.

Drawing upon the election study of 2003,¹² we have sought to identify the characteristics of those in favour of a regionalization of social security, using the latter as the dependent variable. Respondents were asked to agree or disagree with the prospect of the decentralization of the social security system. Table 7.2 illustrates the differences among the population, by region. The results are as we might expect. Just over 40 per cent of Flemish respondents supported splitting social security in Belgium between regions. In the Walloon case, 60 per cent of respondents were opposed.

When linking this position to feelings of national identity, the difference remains between the regions. Research carried out by de Winter (2003) has shown that most Flemish people tend to feel 'only Flemish or more Flemish than Belgian'. By contrast, Walloons tend to feel 'only Belgian or more Belgian than Walloon'. We would hypothesize that those feeling an exclusive or stronger Flemish/Walloon identity will be more likely to favour the decentralization of the social security system than those who express an exclusive or stronger Belgian identity.

Around 50 per cent of the Flemish population feeling 'only Flemish or more Flemish than Belgian' favour the regionalization of social security. Although a similar trend is evident among Walloons, with those feeling exclusively or more Walloon than Belgian more favourable to regionalization than those whose primary identity is Belgian, overall Walloons are much less inclined to support splitting social security between levels of government.

Table 7.2 Regional differences in attitudes towards the decentralization of social security

	<i>Strongly agree/ agree</i>	<i>Neither agree/ nor disagree</i>	<i>Disagree/strongly disagree</i>	<i>Total</i>
Flanders	40.53%	25.10%	34.37%	100%
Brussels	19.44%	12.96%	67.60%	100%
Wallonia	27.05%	12.30%	60.65%	100%
Total	30.78%	17.75%	51.47%	100%
Number	685	395	955	2,035

Source: ISPO – PIOP (2003).

162 *R. Dandoy and P. Baudewyns**Table 7.3* Territorial identity and attitudes towards the decentralization of social security

	<i>Strongly agree/ agree</i>	<i>Neither agree/ nor disagree</i>	<i>Disagree/ strongly disagree</i>
<i>Flanders</i>			
Flemish/more Flemish than Belgian	55.40%	24.55%	20.0%
Equally	39.11%	28.75%	32.14%
More Belgian than Flemish/Belgian	27.12%	19.93%	52.95%
Total	40.70%	25.07%	34.23%
Number	453	279	381
<i>Brussels</i>			
Walloon/more Walloon than Belgian	20.00%	0.00%	80.00%
Equally	7.00%	13.95%	79.05%
More Belgian than Walloon/Belgian	22.30%	13.37%	64.33%
Total	19.04%	12.86%	68.10%
Number	40	27	143
<i>Wallonia</i>			
Walloon/more Walloon than Belgian	36.84%	14.47%	48.69%
Equally	28.33%	14.68%	57.00%
More Belgian than Walloon/Belgian	23.38%	9.54%	67.08%
Total	26.95%	12.25%	60.81%
Number	187	85	422

Source: ISPO – PIOP (2003).

Support for more autonomy from Flemish respondents is reinforced when we consider the question regarding the decentralization of social security alongside the institutional preferences for Belgium. Respondents could choose between transferring competencies to the central state (unitary state), passing more competencies to communities, keeping the current division of competencies, or some other solution.

Table 7.4 indicates that those who agree with the splitting of the social security system are inclined to generally support a transfer of competencies to regions, and particularly to Flanders. Once again, similar trends can be seen in Wallonia, but the overall picture is of opposition to social security regionalization.

Solidarity and mutual aid constitute a real factor of cohesion (Spinnewyn, 1998: 124). The solidarity inside a state gives rise to feelings of identity and of proximity to our compatriots, and therefore impinges upon our definition of the 'we'. This conception of a people benefiting from the rights and obligations of solidarity can be easily related to the level where this mutual assistance has to be implemented. As Poirier and Vansteenkiste observed:

Table 7.4 Regional differences between institutional preferences and opinion concerning the decentralization of social security

	<i>Strongly agree/ agree</i>	<i>Neither agree/ nor disagree</i>	<i>Disagree/ strongly disagree</i>
<i>Flanders</i>			
Unitary Belgium	26.92%	22.65%	50.43%
More competencies to regions	52.15%	22.22%	25.63%
Keeping current competencies	26.90%	31.32%	41.78%
Another solution	48.15%	25.93%	25.92%
Don't know	38.46%	36.54%	25.00%
Total	40.54%	25.09%	34.37%
Number	454	281	385
<i>Brussels</i>			
Unitary Belgium	17.55%	9.92%	72.53%
More competencies to regions	29.41%	14.70%	55.89%
Keeping current competencies	17.50%	15.00%	67.50%
Another solution	33.33%	0.00%	66.67%
Don't know	12.50%	50.00%	37.50%
Total	19.44%	12.96%	67.60%
Number	42	28	146
<i>Wallonia</i>			
Unitary Belgium	21.31%	9.29%	69.40%
More competencies to regions	35.00%	15.00%	50.00%
Keeping current competencies	18.35%	9.17%	72.48%
Another solution	9.09%	0.00%	90.91%
Don't know	30.19%	33.96%	35.86%
Total	27.04%	12.30%	60.66%
Number	189	86	424

Source: ISPO – PIOP (2003).

The construction of the modern state is no longer based on the building of big monuments or on the development of a colonial empire. Today, the modern state is being constructed via social programmes. It is a concrete and symbolic way to be present in the daily life of the people, to remain essential and to remind the electorate. Therefore, it is not surprising that Flanders, which wants to become a state, wishes to get the greatest possible number of competencies in terms of social security.

(Poirier and Vansteenkiste, 2000: 362; our translation)

On the one hand, social security represents an important part of the link that exists among Belgians and constitutes a factor of common identity. Today in Belgium, social security is translated into a form of solidarity between all Belgians, independent of their 'membership' of one region or

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one community. A unique and identical social protection scheme throughout the country represents an important symbol of the 'Belgian nation'. The nation is in this perspective defined as 'a space of accepted solidarity' (Poirier and Vansteenkiste, 2000: 365). Moreover, it is argued that social security constitutes one of the main instruments of economic and monetary union, and therefore of the unity of the country.

In other words, a decentralization of the welfare state may constitute a threat to the unity of the country, but some authors go beyond that and consider that it would lead to the disappearance of the state itself. Social security is considered as the *cement* of Belgium (Poirier and Vansteenkiste, 2000: 365), as the underlying basis for the institutional and territorial unity of the whole country. A splitting of the social scheme would lead, as a consequence, to the deconstruction of a state patiently built over more than 150 years.

On the other hand, if keeping a country together partly demands a unique and centralized social protection scheme, creating a new state necessitates the development of a new regional-based social security or, at least, specific social policies. It has been argued that the increase of competencies in the social field may foster the legitimacy of a territorialized entity and, in this case, may increase the political legitimacy of Flemish institutions (Spinnewyn, 1998: 124). The large scope in Flemish claims, going from a unitary to a completely separate social protection scheme, is largely dependent upon their vision of the future of Flanders. Indeed, some Flemish political actors are aware that possessing their own social security system may be very helpful in the creation of a new independent Flemish state.

In conclusion, the opposing visions concerning the most adequate level for the implementation of the Belgian social security are using the same argumentation. A centralized and uniform social security system represents the foundations of Belgian unity, while a territorially decentralized system would help to develop a new Flemish state. In other words, the regionalization of a part, or of the totality, of the system of social welfare may reinforce Flemish identity and further weaken Belgian identity. In the current context of a gradual disappearance of a Belgian identity in the north of the country and a strengthening Flemish identity, debates around the future of the territorial scope of social security may be a determining factor influencing the acceleration or deceleration of these trends.

We do not have to consider the risk of regionalization as inevitable. The current institutional context in Belgium makes it quite difficult to envisage a negotiation around the regionalization of social security. First of all, the status of Brussels renders the decentralization of social security very difficult, as it would create sub-nationalities¹³ and effectively lead to the 'abandonment' of this historic and symbolic Flemish city. Second, social security decentralization would require constitutional change at the federal level. Given the rigidity of the Belgian Constitution, this could only

1 be achieved in the unlikely scenario of a majority of French-speaking
2 parties joining a majority of Flemish parties in support of such a measure.
3 The strong unanimity of the French-speaking parties on the subject
4 remains for the moment the guarantee of the maintenance of a national-
5 based welfare state.
6

7 8 Notes

- 9
- 10 1 The main component of regional and community revenues comes from the
11 federal state. While communities have no financial autonomy, regions raise
12 their own taxes and may create new ones, but their fiscal autonomy remains
13 limited. In addition, solidarity and 'juste-retour' principles are to be respected
14 in the redistribution of finance from the central state.
 - 15 2 The third community – the German-speaking community – only represents 0.7
16 per cent of the overall Belgian population and is therefore almost never taken
17 into account in the analysis of Belgium. The country may therefore be divided
18 into two linguistic communities for understanding the Belgian political system.
 - 19 3 Even if in the Belgian context the welfare state is the intellectual and theo-
20 retical base of social security, these two concepts remain distinctive. 'Welfare
21 state' refers to general principles whereas 'social security' refers to the orienta-
22 tions of social policy and concrete actions in several fields like pensions, health
23 care, unemployment, etc.
 - 24 4 The so-called 'persons domains' (*domaines personnalisables*) refer to domains
25 where individuals, rather than groups or companies, are the focus of the pol-
26 icies, like education and formation, youth assistance, health or sports. Regions
27 officially have no competence around social security.
 - 28 5 This system involved a legal regime of compensation of occupational accidents
29 and work disease, an obligatory insurance for elderly and death, an obligatory
30 regime of family allowances and a system of subsidized occupational accidents.
 - 31 6 The term 'solidarity' we use comes from the French word 'solidarité' and can
32 be defined as 'a relationship between people being conscious of a community
33 of interests that creates a moral obligation of mutual assistance'. Moreover,
34 Pagano (2002) defines 'budgetary solidarity' as 'the situation where the public
35 resources are taken in a uniform way throughout the whole national territory
36 in function of the contributory capacity of each region, and then distributed
37 between regions in function of their respective needs and not in function of
38 their wealth'.
 - 39 7 He estimated that the financial flows between Wallonia and Flanders reached
40 10 per cent of the global amount of social security expenses in the early 1950s.
 - 41 8 The surplus of the Flemish contribution could be explained for 59 per cent by
42 a higher degree of employment, for 32 per cent by a relatively great part of the
43 population being at an active age and for 9 per cent by higher work incomes
44 (Coudenberg, 1996).
 - 45 9 The Volksunie imploded into two parties: the Spirit and the NVA (New
Flemish Alliance). While the NVA joined the Flemish Christian-Democrats
(CD&V) in 2004, the Flemish Socialist Party (SP), which traditionally opposed
the regionalization of social security, was participating in the 2003 and 2004
elections in a cartel – that is a common manifesto – with Spirit and introduced
to its discourse a lot more Flemish-driven claims.
 - 10 According to this argument, the domain of unemployment allowances should
be regionalized because the placement of unemployed persons belongs to the
regions. Furthermore, others plead for a 'communitarization' of the family

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- allowances and of health care because health and family policies belong to the communities. Some also argue that pensions should be 'communitarized' because the communities are competent for policies for the elderly.
- 11 Brussels being the third Belgian region, Flemish inhabitants of Brussels would not be protected by Flemish social security.
- 12 The data used in this section is provided by the Belgian National Election Studies project, based on a sample of 2,223 individuals from 18 to 87 years old surveyed across Belgium between January and March 2004. We use weights based on age, gender and region as we want to observe differences across Belgium. As we compare the two main regions in the country, we do not take into account the region of Brussels in our analysis.
- 13 This issue would require a constitutional modification and a redefinition of the principle, as currently it does not permit competing powers on the same territory (Arcq *et al.*, 1994). Given that inhabitants in Brussels depend on their linguistic regimes, the Flemish community rules Flemish people in Brussels while the French-speaking community rules French-speaking inhabitants. Decentralization would thus mean that inhabitants of Brussels receive more or less money from social security depending on the language they speak.

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