

# Belgium fears becoming “Greece on the North Sea”

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Negotiations to form a new Belgian government are proceeding with difficulty some two months after the general election, and a month after Belgium assumed the Presidency of the European Union.

For the first time a party advocating the end of Belgium, the New Flemish Alliance (N-VA), won the most votes in a federal election. The negotiations on a coalition were summed up by an insider who told press this week that “the atmosphere is good, but optimism is not a prerequisite.”

Discussions of the further division of the country are taking place against the background of a sovereign debt crisis, and the threat that Belgium might become, in the words of the national employers’ association chair, “Greece on the North Sea.”

All sections of the ruling class in Belgium are conscious of global financial instability and the pressure to bring in austerity measures. They are keen to avoid a re-run of the chaos that followed the 2007 general election, when it took nine months to form an unstable coalition. Emilie Gay of Capital Economics has written that political uncertainty is nothing new in Belgium, but “we’ve never had it at the same time as a sovereign debt crisis.”

Economist Etienne de Callataÿ of Bank Degroof has voiced the concern that “it will be difficult to take austerity measures for several months, which would mean that we could fall behind other countries in regard to structural reform.”

According to projections made in May by the Federal Planning Bureau, balancing the budget will require €22 billion in cuts or tax rises over the period to 2015. To reduce the budget deficit to less than 3 percent of *gross domestic product* (GDP) over the next two years will require spending cuts or tax hikes of €8.7 billion.

Ahead of the June 13 poll, economists were insisting on the need for a government to implement such austerity packages. A week before the election Philippe Ledent of financial institution Group issued a warning to the ruling class. “In other European countries you see cuts in public spending. In Belgium that is not happening, and it won’t happen without a government”, he said.

In May Guy Quaden, governor of the Belgian central bank, warned of the “dramatic” consequences if a caretaker administration with only limited powers ended up in place for more than three months. Ledent said the country needs a new government by September so as not to provoke reaction in the financial markets.

Ahead of the election, sovereign debt stood at 99 percent of GDP, the highest in the eurozone after Greece and Italy. It is

forecast to exceed GDP before the end of this year. Belgium is in the top fifth of over-borrowed nations globally. This follows a €20 billion national bailout of the leading banks and insurance companies to which was added €7 billion from regional and local authorities.

Belgium’s instability poses a major threat to the eurozone and wider financial markets. By size, Belgium is the world’s 20th economy, accounting for 0.8 percent of global GDP. Emilie Gay called Belgium “the weak link of the north.”

Discussion of the division of the country has sparked anxieties on the financial markets. Ahead of the election interest rates on government bonds rose, as investors demanded a mounting premium to hold Belgian government debt over its German equivalent.

The longer the government negotiations continue, the more likely the foreign investors are to dump Belgian bonds.

The June 13 elections saw a collapse of the vote for the liberal and Christian Democrat parties of the previous coalition government. The election had been called after the Open Flemish Liberals and Democrats (Open VLD) left Prime Minister Yves Leterme’s coalition because of the ongoing dispute over a bilingual electoral district of southern Brussels.

Voting in Belgium is organised in regional blocs: Dutch-speaking Flanders in the north, French-speaking Wallonia in the south, and the capital Brussels, which is francophone but sits in a Dutch-speaking province. As the financial centre of the country, disputes between the regionalists all try to accommodate Brussels as an integral part of their future. The constitutional status of the bilingual suburbs to the south of Brussels, which could provide a bridge to Wallonia in the event of any division of the country, is bitterly contested.

The single biggest party after the election was Bart de Wever’s N-VA, with 27 of the 150 seats in the lower house, the Chamber of Representatives. The N-VA aims at the ultimate secession and independence of Flanders. De Wever had previously said that he was not interested in serving as the premier of a united federal Belgium. “The N-VA has won the election” with “some 30 percent” of the Flemish vote, de Wever told supporters, who waved Flemish flags and sang the Flemish anthem.

Parties stand in their specific language regions. Accordingly, most parties have a sister party in the other language region. Because of their Flemish nationalist programme, the N-VA has no francophone sister party. The biggest poll-winner in Wallonia was

the social democratic Socialist Party (PS), with 26 seats. When coupled with the 13 seats won by its Flemish counterparts, the Socialist Party (sp.a), this made them the biggest party grouping.

By electoral convention, De Wever was invited to begin work on forming the coalition government. He has looked to PS leader Elio di Rupo to carry out this role. De Wever said he would be happy to see the first francophone premier since 1974 if that would provide the mechanism for gaining more powers for Flanders. “You don’t have to like each other to work together,” he told reporters. De Wever candidly told *Time* magazine that he saw little worth in the national government: “The newspapers say, ‘Hopefully, he will form a government and save our country’ ... But in my party program, you can read that it is not a country worth saving.”

De Wever espouses the interests of a local ruling elite, which aims for the exploitation of regional resources without the burden of public spending. Historically Wallonia was the centre of heavy industry, and the economic powerhouse of the country through the early part of the 20th century. Flanders was largely agricultural and under-developed. Flemish nationalists appeal to this history of marginalisation and discrimination to justify their current agenda.

But with the collapse of Walloon industry, and the growth of service and financial sectors in Flanders, the economic situation was dramatically reversed. Unemployment in the south is double that of Flanders. In 2006 GDP per inhabitant in Wallonia was 85 percent of average European GDP. In Flanders it was 118 percent. In Brussels, which operates as a European administrative centre, it was 233 percent. Economic output per capita in the south is 71 percent of that in Flanders, according to the National Bank. Wallonia receives €6.06 billion in transfers annually, around 96 percent from Flanders.

Flemish separatism aims to divide French and Dutch-speaking workers. It is reactionary to the core.

Two years ago de Wever told a television programme that he did not think there was a French-speaking minority in Flanders, but “immigrants who have to adapt.” In 2007, De Wever denounced as “gratuitous” Antwerp’s mayor’s apology for the deportation of 65 percent of the city’s Jewish population by the Nazis—with the active participation of local authorities and police. Antwerp, he wrote, “did not organise the deportation of the Jews, it was the victim of Nazi occupation ... Those who were in power at the time had to take tricky decisions in difficult times. I don’t find it very courageous to stigmatise them now.”

The separatists blame Walloon workers for the region’s economic conditions, even as they push the very economic model that created those conditions. The extreme-right Flemish Interest (Vlaams Belang – VB) have called the Walloons “welfare addicts.” De Wever has also referred to the Walloons as welfare “dependents.” Other Flemish parties have supported the drive to end inter-regional social funding. In 2007, when the N-VA quit Leterme’s coalition, de Wever said he was waiting to see “whether enough has been done” on regional devolution. This was a position he shared with many within Leterme’s own party.

Ceding defeat this time, Leterme said it would be impossible to govern without the separatists.

The social democrats’ defence of the nation state similarly offers

workers no way out. Di Rupo has simply noted that any attempt to establish a separate Flemish welfare system would have a devastating effect on Wallonia. When the trade unions opposed the division of the country three years ago, they did so by claiming that inequality was a cornerstone of Belgium’s social order. A petition advanced by the trade unions stated, “The solidarity between the richest and poorest citizens, just as the solidarity between the richest and poorest regions, are the props of our Belgian society.”

Any constitutional devolution of Belgium requires a two-thirds parliamentary majority, hence de Wever’s approach to the PS. As negotiations continue he is becoming more intransigent, acquiring the nickname “Mr No.” Discussing proposals for the Brussel-Hal-Vilvorde electoral region, and an otherwise broadening consensus among the Flemish parties, one negotiator told the liberal Flemish daily *De Standaard* that “Only the N-VA hopes for a split plain and simple.”

There is an increasing recognition that this agenda will drive further constitutional changes. In a national address in June King Albert II, who has played an active role in recent coalition negotiations, advised Belgians to “prepare” for looser federal ties and “new ways of living together.” The daily *De Morgen* reported a negotiator saying that any further push beyond the boundaries already set would “call into question the way in which we live together as Belgians.”

Alongside increased regional financial autonomy, De Wever also hopes to see certain federal responsibilities taken on by the European Union. He has expressed the hope that “one day we will wake up and just notice that between Europe and the regions, Belgium has evaporated.” Di Rupo has indicated some willingness to co-operate, saying immediately after the election that “Many Flemish people want the country’s institutions reformed... We need to listen to that.”

There is no evidence of any popular desire for a split in the country, with a recent poll in Flanders suggesting 85 percent opposition to the dissolution of the federal government. The political establishment offers Belgian workers—Flemish, Walloon, Bruxellois, German-speaking—no viable alternative. They are either presented with the division of the country into smaller capitalist states based on the intensive exploitation of workers in a specific region, or a defence of the nation state coupled with the austerity measures required by the national ruling elite. The intensifying political crisis poses the necessity of fighting to unite all Belgian workers with their class brothers and sisters across Europe and internationally on a socialist programme.



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