

EUROPEAN OFFICE BRUSSELS

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## The Belgian Federalism – a model with future?

**Belgium in general, is considered to be difficult to govern. For many observers, the kingdom is de facto divided into the Dutch-speaking, economically strong Flanders in the north and the French-speaking, economically rather weak Wallonia in the south. In addition, there is a small German-speaking minority in the east of the country. After a total of six state reforms since 1970, the former centralised state has now become a federal order with some far-reaching competences for the subnational levels. This advancing decentralisation was considered as a necessity for a long time in order to preserve the state unity of Belgium in the face of growing separatist aspirations, especially in Flanders. Recent developments in Belgium, however, are threatening to erode this state unity.**

"A new paradigm is necessary: the Confederation", Bart De Wever, chairman of the Nieuw-Vlaamse Alliantie (N-VA), the national-conservative party of Flanders, commented on 4 May 2017 on the occasion of the presentation of a new book for which he himself wrote the final chapter. In official statements, the N-VA argues for the gradual dissolution of Belgium and the integration of Flanders into a Europe of the regions. The aforementioned book 'Onvoltooid Vlaanderen' (The incomplete Flanders) deals with the gradual formation of a Flemish nation and carries the subtitle 'Van Taalstrijd tot natievorming' (from the language struggle to the formation of a nation). In his chapter, De Wever describes Flanders as a community that increasingly saw itself as an independent political entity.

A few days later, on 13 May 2017, the Prime Minister of the Flemish Region, Geert Bourgeois (also from the N-VA), spoke out for the creation of an autonomous Flemish judiciary. The organisation and procedures of the justice systems of Flanders and Wallonia today were

too heterogeneous and hardly compatible with each other, Bourgeois said in a lecture at the University of Ghent. The creation of a fully autonomous Flemish judiciary would necessitate a renewed, then seventh state reform. In this respect, the statements by De Wever and Bourgeois are in a number of recent developments in Belgium which make the country's current political setting (once again) appear to be non-future-proof. In the face of upcoming elections at local, regional and national levels in 2018 and 2019, this discourse will probably gain further momentum in the coming months.

### General information on federalism

From a scientific perspective, the term federalism can be categorised into the broader concept of multi-level governance. Related terms are regionalisation, devolution and – as demanded by Bart de Wever – confederation. According to political scientist Daniel J. Elazar, a federal political system can be understood as a kind of government combining the "elements of joint power-exercise and regional self-determination". Thus, governments at two different levels exert direct political influence on their citizens, with the autonomy of the two levels and their equipping with certain resources being constitutionally guaranteed. Also constitutionally guaranteed is the representation of regional interests in the federal political decision-building processes, for example through a second chamber of Parliament or mechanisms of intergovernmental cooperation.

Federalist elements or aspirations have a long tradition, especially in Western Europe. This is due, among other things, to the fact that most of today's federal states have emerged from smaller state units. This is the case, for example, for the Federal Republic of Germany which has its historical roots in the numerous

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small states of the 'German Confederation'. In this respect, Belgium is quite an exception among the federal states, since today's federal Belgium was originally a centralised state. Among the 28 member states of the European Union (EU), ten states are currently either formally designated as federal, or they have assigned self-determination rights in certain areas. Current federalist tendencies go far beyond the example of Belgium, as the situations in Spain (Catalonia, Basque Country), the United Kingdom (Scotland), France (Corsica) and Italy (Veneto) show.

Issues of federalism also play an important role at the EU level. By setting up the Committee of the Regions with the Treaty of Maastricht in 1992, the European regions have been given at least an advisory role in the EU's policy-making process. The fixation of the principle of subsidiarity in the European Treaties lays down a reservation of rules in favour of the lower administrative level. And with EU structural funding, the European Commission is making regions the direct addressees of its policy. Regional policy now accounts for about one third of the EU budget.

Overall, the federalisation of a nation-state is aimed at one of the following four objectives, at least: The first is to safeguard the identity and the protection and integration of minorities. A federalisation helps – secondly – to improve political competence, political control and development promotion. Thirdly, from an economic perspective, the subnational units are competing in a federal political system and are striving for best-practise solutions. And fourth, a federalisation may help to democratise the political system and to safeguard the political legitimacy by enabling a higher level of citizen-proximity and political participation.

At the same time, however, there are always demands to limit the competencies of the subnational levels and to strengthen those of the national level. This is intended to avoid double structures, to enable savings and efficiency gains, and to achieve unification (in education policy, for example). In the light of a continuous strengthening of the supranational EU level in the European integration process (especially regarding economic competences), decentralisation at the national level and a related strengthening of the subnational units

(e.g. cultural and social competencies) – so the argument of the federalisation opponents goes – would further weaken the nation state, or would even endanger its survival.

### History of Belgian Federalism

The understanding of the present federal system in Belgium requires a glimpse into the past. The most important basis is the historical antagonism between the two language groups of the Walloons in the south and the Flemish in the north. 1830 founded as a central state, Belgium consisted of nine provinces which were monolingual French in administration, justice and higher education. The dominant French bourgeoisie did little to integrate the Dutch-speaking, agrarian-dominated population – which represented about 60 percent of the total population. In addition, the industrial focus of the young Belgium was in Wallonia, which was why the entire political and economic system was francophone. Already in 1840, these circumstances led to the establishment of the so-called 'Flemish movement', the leitmotif of which was the preservation of the Flemish language and culture and which demanded a Flemish cultural autonomy.

The beginning of the actual Belgian federalisation process was back in the 1960s, when economic autonomy became a further leitmotif of the Flemish: At that time Wallonia had to deal with massive economic and social problems due to the crisis of the coal and steel industries. Flanders, on the other hand, was in economic recovery, mainly thanks to its many small and medium-sized enterprises and its good connection to the international seaports. The gradual increase in sentiment both in the north and (to a lesser extent) in the south, that the united Belgium had survived itself, was responded by politicians with an increasing federalisation of the country:

In the course of the first State Reform (1970), a Dutch, French and German 'cultural community' were founded. With the second State Reform (1980), these cultural communities were renamed 'Communities' and received their own directly elected 'cultural Councils' (parliaments), governments and individual political competences in the fields of culture, education, health and social services. The sec-

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ond State Reform also included the establishment of the Flemish and Walloon Regions with their own councils (parliaments), governments and first competencies, especially in economic policies. In the course of the third State Reform (1988/89), the Brussels Region was established with its own parliament and government. In addition, the Communities received higher financial allocations from the federal government and competences in educational matters, while the Regions were given competences in the areas of transport and public construction.

Since the fourth State Reform (1993), Belgium has been described as "a federation consisting of the communities and the regions". The former equivalence of the Chamber of Deputies and the Senate was altered in favour of the former, while the Senate was designed as a "forum for thought" and as a "meeting place for the member states". In addition, the Regions and Communities were given the opportunity to carry out their own foreign policy (with contract law and foreign representation) as part of their powers. The small German-speaking Community in the eastern part of the country (about 77,000 inhabitants) was finally granted regional powers: In 1993, this was the protection of the landscape; in 2000, the employment policy, and in 2005 the supervision and financing of municipalities were added. The fifth State Reform (2001) revised the way in which the Communities were financed, while the competences of the Regions were extended to the areas of control of local governments, the organisation of provinces, agriculture, fisheries and foreign trade. In addition, the Regions were given greater fiscal autonomy.

The latest, sixth State Reform provided for comprehensive measures and therefore took place in several stages during the years 2012 to 2014. First, the composition and competences of the senators changed. They are no longer directly elected and have markedly smaller legislative rights as before. Secondly, the fiscal autonomy of the Regions continued to grow. They can now generate their own income beyond the nationally determined standard tax rate, and can also reduce or increase further taxes in those policy areas where they have competences. Thirdly, the Communities have been given more extensive

funding, but these are still allocations by the Federal Government which means that the Communities will continue to have no fiscal autonomy. In addition to some extra funds for the Brussels Region by the federal government, the so-called 'personal competencies' for the first time were transferred to the Brussels Region. Personal competences are usually found only in the Communities (see below). Finally, competencies in the areas of health care and justice were transferred to the Communities, as were competences in the field of labour market policy to the Regions.

The double structure of Communities and Regions at the subnational level therefore is characteristic for today's Belgium, which is why Belgium in professional literature is often described as a model of a 'double federalism': The French speaking, the Flemish (who speak a Dutch dialect) and the German Communities are facing the Regions of Wallonia, Flanders and Brussels. The reason for this double structure is that the creation of the Communities rooted in linguistic criteria, whereas the formation of the Regions has followed territorial criteria. The Communities and Regions are neither identical nor completely different: The French as well as the German-speaking Community are part of the Wallonia Region. The Brussels Region is the Belgian capital and the capital of Flanders. It is inhabited by both Flemish and French speakers. It is situated in the Flemish area, but it is mainly French-speaking. It is only in Flanders that the Community and the Region coincide, which is why the former parliaments ('councils') and governments of the Region and the Community were merged. The following graphic will help to illustrate the special situation in Belgium.

**Das belgische Staatsgefüge**



Source: [www.ostbelgien.be](http://www.ostbelgien.be)

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**The Belgian federalism today**

Each Community and Region has its own parties, its own parliament, its own government and its own Members in the European Parliament. This political heterogeneity is strengthened from a social-cultural point of view by the fact that Communities and Regions have their own public service broadcasters, their own newspapers and their own school-leaving qualifications. A uniform, nation-wide political discourse hardly takes place in the face of missing national parties and media. In addition, the Belgian political system even to its own citizens often appears to be unclear and non-transparent.

The competencies of the Communities today include 'personal tasks', including cultural and language policy, media, education and teaching, health policy, social welfare, protection of minors and basic scientific research. The competencies of the Regions are limited to 'territorial tasks' and are concerned with spatial planning and urban development, environmental and water policy, waste disposal, land consolidation, housing construction, economic and energy policy, employment policy, public works, transport (except for the national railway and Brussels Airport), agriculture, applied scientific research, organisation of municipalities and provinces as well as foreign trade and development policy. Under 'shared competencies', which are exerted both by the federal and by subnational levels, one can find the areas of international relations and foreign policy as well as scientific research.

The following tendencies become obvious when looking at the Belgian federalisation process in a longitudinal comparison: First, the competences of the Regions tended to be at the expense of the Communities. This is mainly due to the fact that the Regions are able to levy taxes on their own, whereas the Communities do not. Moreover, the Regions have a considerable autonomy in the use of their resources. Secondly, the nation state had to report a loss of competences, even though it still holds national core competences with its national foreign policy, defence, judiciary, internal security and the organisation of social systems. Moreover, the most important taxes (VAT, income tax, corporation tax) continue to fall within the scope of the federal govern-

ment. Thirdly, the fact that Belgium still is a unitary state becomes clear as the subnational entities have no constitution of their own and cannot decide autonomously about a change in the basic laws affecting them. Regarding a change of the institutional and legal foundations of the Communities and Regions, the federal state has the final say.

**The political situation in Belgium**

The Belgian party system has a strong fragmentation which is reinforced by the existing proportional electoral law. Since the splitting of the three 'traditional' parties (Christian Democrats, Liberals, and Socialists) into respective subnational parties between the years 1968 and 1978, there are no federal parties: Since 1978 there has been no party with a federal claim and anchoring in both large linguistic communities which would have been successful in establishing themselves permanently in the nation-wide party system. In the 1980s, ecological and nationalist parties joined the traditional parties at the subnational level.

The different electoral behaviour in the Regions and Communities is remarkable as elections on the national, regional and local level take place simultaneously in all parts of the country. While Wallonia traditionally chooses socialist-laic political parties, Christian-Democratic and conservative-liberal parties for a long time dominated in Flanders. However, in Flanders, nationalist-separatist parties could celebrate election successes in recent times. No wonder, though, that the political orientation of the sister-parties is different, depending on the Region or Community they are located: While the Christian Democratic Party in Flanders (Christen-Democratisch en Vlaams, in short CD & V) still is a centre-right party, the Christian Democratic Party in the French-speaking Community (center démocrate Humaniste, cdH) has increasingly practised a policy of secularization and abolition of conservatism. Again differently, the Christian Democratic Party in the German-speaking Community (Christlich Soziale Partei, CSP), which in the post-war period has substantially shaped the structure and life of today's 'East

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Belgium', is still committed to Christian heritage and conservatism.

In the past few years, the Flemish nationalists of the N-VA have been able to record large increases in votes. They have succeeded in combining questions of language and national identity with questions of financial and economic solidarity. The Flemish nationalism promoted by the N-VA is, in part, the result of the dissatisfaction of many Flemings who have been obliged to support Wallonia indirectly by means of federal financial transfers over an increasingly longer period and to an increasing extent. For many Flemings this financial transfer has so far produced little visible positive results.

**Conclusion and outlook**

Over the past decades, Belgian federalism has produced a series of pragmatic rules and practices that have hold together Belgian society which is characterised by a high amount of geographic, linguistic, economic and cultural divisions. An expression of the balancing of interests, as defined in the Constitution and in various laws, is, for example, the requirement that political parties from both large language groups are necessary to form a government at the federal level.

In the current federal government under Prime Minister Charles Michel (from the French-speaking Liberals, MR), Flemish and French-speaking people for the first are not represented equally: Three Flemish parties (N-VA, CD&V, and VLD) are facing one French-speaking party (MR). This may be an indication of the often apparent political hegemony of Flemish parties in Belgian political discourse which might – broadly speaking – be a consequence of the greater demographic and economic strength of Flanders (currently about 6.5 million inhabitants) compared to Wallonia (3.6 million). Although the regionalist N-VA, after the Belgian parliamentary elections in 2014, has become the country's strongest party and although there often are disagreements within the heterogeneous four-party federal government, the Belgian state does currently not threaten to break. Paradoxically, this is the case precisely thanks to the N-VA: Although the party officially promotes the in-

dependence of Flanders, it is usually moderate due to its government involvement. In addition, over the past few years, the N-VA has bound many regionalist-oriented Flemish voters while the strongly separatist, EU-hostile and extremist Vlaams Belang is of lesser importance and currently represents only three out of 150 deputies in the Belgian federal parliament. In the French-speaking Community the socialist PS has absorbed regionalist efforts, although these are weaker in the southern part of the country than in the north.

Nevertheless, at least in the medium and long-term, some dangers exist regarding Belgium's national unity. Firstly, the continual expansion of federal administrative structures seems to have strengthened rather than weakened centrifugal forces. Secondly, only a few, mostly symbolic, instruments promote the cohesion of the Belgian nation, such as the monarchy or the capital Brussels as the simultaneous 'capital of Europe'. As a result, there is only a weak national identity in Belgium. Thirdly, polls regularly show that both Flemings and Walloons feel themselves primarily as Flemings or Walloons, and only secondarily as Belgians. As polls are also indicating, at least one-third of the Flemish population strongly supports the independence of Flanders.

However, the growing economic asymmetry between Flanders and Wallonia has emerged as the greatest threat to the unity of Belgium. Recent figures show that unemployment in Flanders is five percent, while in Wallonia it is eight (compared to 18 percent in the Brussels Region). Measured on the EU average, the gross domestic product (GDP) in Flanders is 120 percent, compared to 88 in Wallonia. And the contributions to Belgian GDP in Flanders are 57 percent, whereas in Wallonia they are 24. (The remaining 19 percent are coming from the Brussels Region, while East Belgium as part of the Wallonia Region is contributing about 0.5% to the Belgian GDP). Due to the fact that the transfer payments for the social security systems are organised on the federal level, the economic north-south gradient forces a massive financial redistribution, often leading to (political) disputes over the design and financing of the social systems. In view of annual payments of around EUR 6.4 billion to the Regions of Wallonia and Brussels, many Flemings consider the financial solidarity to be

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overstrained, and in the future they would like to see social benefits regulated on the regional level.

In view of these circumstances and the state reforms so far, the conclusion seems to be that Belgium is not yet at the end of its institutional development. Already during the implementation of the sixth state reform, a seventh reform was demanded by individual politicians. Moreover, considerations have already gone into an eighth reform. This discourse has now gained new momentum through the remarks of the two N-VA politicians Bart De Wever and Geert Bourgeois. It is to be expected that the N-VA - and, to a far greater extent, the Vlaams Belang - will, in view of the forthcoming elections at various federal levels, intensify the Flemish nationalism. In the meantime, demands for a stronger self-government are becoming increasingly louder in the Brussels Region.

The multiple inefficiencies of the current regulations make it seem possible to see a seventh state reform and a further transfer of competences to the subnational levels. As in the past, such a seventh state reform would require a two-thirds majority in the Federal Chamber of Deputies, as well as a simple majority in every parliament of the three linguistic communities. A seventh state reform could resolve the duality of Regions and Communities, which would make Belgium more similar to other 'classical' federal states like Germany or Austria. In the course of further federalisation, however, a confederation or even a separation threatens.

Therefore, such a step could and should be accompanied by a 're-centralisation' of competences in individual policy fields. In any case, a further reform of the Senate seems desirable, since its current position and function are generally regarded as unsatisfactory. The Senate could either be dissolved, thus completely deprived of its competences, or it could be revaluated into a 'real' Second Chamber - for instance with legislative rights and a suspensory veto for legislative proposals by the Chamber of Deputies. Not least for the Belgian citizens themselves, a higher transparency of their political system would be desirable.