

Belgian Politics in 1996

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I. A new attempt at reaching a social pact

A. *After years of limited activity*

In 1996 the government, unions and employers made several unsuccessful attempts at reaching agreements on jobs and wages. In 1993, organized labor and the employers had failed to reach a social pact, upon which the Dehaene center-left cabinet had imposed its own austerity measures ("global plan"). This had resulted in a bitter and dramatic confrontation between the government and the unions, the latter failing to change the cabinet's course of action. As in 1994, in 1995 organized labor attempted to win back the initiative in handling socio-economic issues. With a wage freeze in place, discussions between labor and the employers centered on jobs and work conditions. The Belgian Business Federation (VBO/FEB), while accepting to talk to the unions, argued talks would only be successful provided the cabinet cut public spending and improved the competitive position of Belgian enterprises.

B. *Paving the way for an agreement*

By December 1995, Prime Minister Dehaene had cleared the path by first addressing potential labor unrest in the public service and at Belgian rail, and by putting off the social security reform discussion. Since the majority parties, organized labor, the mutual aid societies and the employers failed to find common ground for a discussion, the stalemate on social security reform threatened to mortgage jobs talks. Therefore, Dehaene decided to postpone social security reform until the end of 1996.

The talks at Belgian Rail resulted in an agreement reached in February 1996 on a reduction of the workforce to 35,000 by the year 2005, a 36-hour workweek to be fully operational in 1999, productivity increases and a 1.65 percent wage cut to come into force as of April 1, 1996.

The agreement reached at Belgian rail had a positive impact on the overall negotiations in the public sector, which, later during the year, resulted in a framework agreement on work sharing and reduction of working hours.

C. *In search of an overall agreement*

For the cabinet, the European context was very important and Belgium fully endorsed EU Commission President Jacques Santer's call on the governments, unions and employers of Europe for an overall employment pact. However, in Belgium, like elsewhere in Europe, there was increasing criticism about the too

drastic EMU convergence norms which, these critics alleged, were causing the slowdown of the European economies. However, Prime Minister Dehaene was undaunted. He argued that when Germany, France and the Netherlands moved towards joining the EMU, Belgium had no other choice than following its neighbors.

Shortly after the Dehaene II cabinet had taken office in 1995 and launched its multi-annual employment plan, it had come under mounting pressure from the union leaders to start a more global discussion on jobs. Willy Peirens, President of the Christian Trade Union Confederation (ACV/CSC), had strongly attacked the Prime Minister in person for failing to take action regarding jobs. Peirens said that over the past fifteen years, the priorities had been economic: low inflation, hard currency, surplus on the trade balance and redressing the public finances. He said it was time the cabinet addressed the social issues, unemployment in the first place. The Socialist trade union leaders, and Socialist politicians alike, showed more circumspection. They feared government attempts at concluding another "global plan", including all pending socio-economic issues, reminiscent of the 1993 global plan which had triggered unprecedented labor unrest and had caused deep frustration and tension inside the Socialist ranks. Many leaders of unions affiliated to the Socialist confederation insisted on their freedom to bargain directly with the employers on jobs and wages. Moreover, union leaders said that they would not commit themselves on keeping wages down beyond 1996 unless the employers made commitments regarding additional jobs. Meanwhile, the Belgian Business Federation (VBO/FEB) pleaded for an across-the-board reduction of labor costs without a commitment on jobs.

D. The Prime Minister's initiative

After informal contacts with business and union leaders, on February 1, 1996, Prime Minister Dehaene formally announced tripartite talks on a "jobs contract". The first meeting was held February 12. During this first and subsequent meetings, the participants discussed a blueprint submitted by the Prime Minister. Later on, the government linked to the jobs discussion a paper submitted by Robert Tollet, President of the Central Economic Council, in which proposals were made for keeping wages under control after 1996, when the wage freeze expired.

An additional problem marred the discussions when the EU Commission urged the Belgian government to amend its program by which employer social security tax rebates were awarded to enterprises facing stiff international competition (a program commonly known under the name "Maribel"). The EU Commission argued that the system discriminated against enterprises working for the domestic market. The Socialist cabinet ministers sought a way out by tying rebates to jobs, but this met opposition from the Christian Democratic Ministers, and ultimately the issue was postponed.

E. An agreement immediately turned down

On April 18, the government, unions and employers reached a draft agreement on a jobs contract. In return for wage moderation during 1997 and 1998, the unions obtained from the employers a rather vague commitment to half unemployment by the year 2002. The key element of the deal was a commitment of the three sides involved in the talks to implement a new version of Belgium's competitiveness act. From 1997 on, Belgium's wage evolution would be linked to that

of The Netherlands, France and Germany combined. The various branches of industry would have the opportunity to reach collective bargaining agreements on wages and jobs within the wage moderation framework and would be allowed to use profit sharing as a means to circumvent the wage ceiling. As demanded by the unions, linkage of wages to the cost-of-living would be maintained, and by the end of 1998, the workweek would be down from 40 to 39 hours for the entire private sector. Within six years, non-wage costs would have to be lowered to the level of France, Germany and The Netherlands. Moreover, government, unions and employers agreed to upgrade a number of existing jobs programs. Career interruption would become a right for up to 1 percent of the workforce and eligibility requirements for the part-time early pension system would be eased. Moreover, the employers committed themselves to provide on-the-job training for 30,000 youngsters.

Formally approved by the cabinet on April 19, the smaller Liberal Trade Union Confederation (ACLVB/CGSLB) endorsed the agreement a few days later. Despite the objections from a number of its affiliates, the Belgian Business Federation (VBO/FEB) also endorsed the contract. As widely predicted, on April 29, the Socialist trade union leaders failed to win support from of their own General Council for the draft agreement. Although Willy Peirens, National President of the Christian Trade Union Confederation (ACV/CSC) won support for the deal, the center-left cabinet was unwilling to move ahead risking a confrontation with the Socialist unions. The extent of the frustration of the Socialist union militants was dramatically exposed when during the traditional May 1 rallies, Socialist Francophone Party (PS) leaders were heckled and pelted with eggs and tomatoes by Socialist trade union militants, teachers in particular.

The failure to win the support of the Socialist unions forced the government to opt for that it termed as an "emergency scenario". On May 2, Prime Minister Dehaene obtained the green light from the Chamber for this alternative scenario.

F. *The special powers bills*

On May 3, the leading ministers of the Dehaene center-left cabinet agreed on the texts of three special power bills designed to allow the cabinet to proceed on the 1997 budget, jobs policy and social security reform, with only post-factum parliamentary control.

The cabinet drafted a new version of the competitiveness legislation linking wage evolution of Belgium to the evolution in The Netherlands, France and Germany, giving the cabinet the authority to proceed along the lines set out by the aborted April 18 agreement. The special powers bill dealing with the budget stated that the goal was to reach the EU convergence norm for budget deficits, and that in order to reach this goal the government had the power to raise taxes and cut spending. The bill dealing with social security reform was the most detailed of the three. It stated in its preamble that it was not the intention of the government to undertake a wholesale reform, cutting benefits dramatically. The aim of the cabinet was to maintain a nationwide system based on a mix of insurance and solidarity, but with some changes made to the financing system, relying less on payroll taxes since these tend to destroy jobs. The government aimed at imposing caps on spending in health care. Other goals were safeguarding the mandatory pension system, while seeking to deal with existing discrimination between male and female pensions.

G. *Persisting disagreement between unions and employers*

The employers and unions were given an opportunity to produce an advice on the bills, but again the Socialist Trade Union Confederation (ABVV/FGTB) failed to endorse the advice drafted by the employers and the Christian Trade Union Confederation. Not that this setback in any way affected proceedings in the government coalition. On May 9th, Prime Minister Dehaene submitted to the Chamber of Representatives his cabinet's special powers bills.

H. *Parliament gives green light*

The parliamentary discussions of the special power bills took longer than expected because of a filibuster organized by the Liberal opposition parties. However, on the eve of the summer recess, the three bills were adopted by the two Houses of Parliament giving the cabinet until the summer of 1997 to tackle the pending socio-economic issues without much interference from Parliament. (The July 26 Act on the promotion of employment and preservation of the competitive position, the July 26 Act on modernization of social security and the July 26 Act on the realization of the budgetary criteria for joining the Economic and Monetary Union.)

Not only the national trade union and business leaders lost prestige in the failed talks, also Parliament was being sidelined. This came only two years after the constitution was revised, including reorganization of the parliamentary work with the aim to turn the national legislator into a more vigorous body. For the Socialists, special powers remained hard to digest. Back in the eighties, they had raised a revolt against the then center-right government for using special powers. They were now forced to accept a similar technique being used. The Socialists were willing to accept these special powers because they knew that the much feared social security talks would ultimately go their way without major cuts in benefits.

II. The 1997 budget

A. *The budgetary policy*

In 1996, the general government deficit declined to a little over 3 percent of GDP. This was a marked improvement of 4 percentage points compared with 1992. Owing to the record size of its public debt in relation to GDP, Belgium benefited more than the other EU countries from the European-wide decline in interest rates over this period. Fiscal consolidation was significantly more rapid in Belgium than in other EU countries, but the weak point remained debt to GDP ratio which was 137 percent in 1993 and an estimated 130 percent in 1996.

The increase in the primary surplus over this period was largely the result of the corrective packages imposed by the government which boosted total revenue to 51 percent of GDP and kept primary expenditures in check.

The structure of the Belgium budget remained quite different from that of the other EU countries as a group, not only because of the size of interest payments and the primary surplus, but also because personal income tax and social security payroll taxes were distinctly above EU averages.

The National Bank of Belgium pointed out that fiscal levies weighing on earned incomes were edging down, partly as a result of a number of reductions in social security taxes aimed at promoting employment. On the other hand, other direct levies consisting of corporate taxes and withholding taxes paid by individuals rose in relation to GDP. Indirect taxes also rose, reflecting successive increases in excise duty on fuels and cigarettes as well as of the standard VAT rate. In the framework of the "alternative financing of the social security system", this increased reliance on indirect taxes represented the counterpart to the reductions in employers' social security taxes.

On the expenditure side, social expenditures as a percentage of GDP edged down. The growth rate of health expenditures had abated markedly until 1995 when it picked up again. This was also true in 1996, be it to a lesser extent. This acceleration of expenditures was associated with a number of factors including: a flu epidemic, and the waning effect of measures introduced in 1993. Transfers to individuals; i.e. "replacement incomes" as a percentage of GDP, declined slightly.

The number of recipients barely changed, but as a result of a progressive tightening of unemployment related programs and especially of the introduction of the "health-index" in 1994, the rise of average replacement income per beneficiary in real prices was slower than that of real GDP. Pensions - of private sector wage-earners as well as of civil servants - were the largest component of replacement income, representing some 10 percent of GDP. The continuing increase in the average civil service pension and in the number of beneficiaries was accompanied by a more restrained development in the private sector, so that the rate of increase remained stable, similar to the increase of real GDP.

Compensation of civil servants, which represents the most important component of expenditure other than the current transfers to individuals, grew at over 2 percent a year in real terms. With the number of public service jobs remaining unchanged, the rise was caused by an adjustment of wage scales. The decrease in interest payments from 10 percent of GDP in 1992 to 8.25 percent in 1996 was the result of lower interest rates and an active debt management.

B. The controversial Swap operations

Debt management caused political turmoil when during the 1997 budget debate on October 2nd, Liberal opposition leader Herman De Croo (VLD) said that, according to reports from the Audit Court, as a result of speculative swap operations conducted between 1989 and 1992, the treasury had lost BF 44.3 billion. Initially Prime Minister Dehaene was caught off guard by De Croo's allegations. Returning from an IMF meeting in Washington, Vice Premier and Finance Minister Philippe Maystadt (PSC) tried to play down the affair. Like Prime Minister Dehaene earlier on, he had to admit that such operations had taken place, but he argued that the losses incurred by the treasury amounted to BF 34 billion, in the hypothesis of an immediate refund, and that it was too early to tell whether there would be losses at all. Minister Maystadt also pointed at the gains generated by what he termed as "active debt management".

C. The 1997 budget

Once the special powers adopted by Parliament, it was widely believed that drafting the 1997 budget would be easy, but persisting differences between Chris-

tian Democrats and Socialists on reforming the social security, especially on the thorny pension issue, made it more difficult than expected. It was the initial intention of the cabinet to draft the budget before the summer recess, but because of the differences, the 1977 budget was drafted in September.

Like its EU partners, Belgium was under the obligation to reduce its budget deficit to 3 percent of GDP. However, the High Finance Council urged the cabinet to aim at 2.8 percent in order to have a safety margin. During the months preceding the drafting, the Socialist majority parties had pleaded for a wealth tax. At its June 29 convention, the Francophone Socialists (PS) pleaded for a wealth register as a first step towards a wealth tax.

On July 19, the federal government reached an agreement with the regional governments over budgetary goals for the 1996-99 period. In the agreement, the regional governments committed themselves to keep their deficits down and to become deficit-free by 1999. Not only differences inside the majority ranks, but also the parliamentary discussion of the special power bills made the cabinet's budget talks running behind schedule. On August 2nd, the budget talks were suspended and were resumed after the summer recess on August 26th. An overall agreement was reached September 30th, allowing Prime Minister Dehaene to read a statement in Parliament the next day.

The 1997 budget included a new package of corrective measures estimated by the authorities to represent BF 80 billion, or nearly 1 percent of GDP. At the same time, the cabinet announced BF 367 billion of debt reduction measures. Based on what the cabinet itself termed as prudent assumptions about economic growth and interest rates, the deficit was below the 3 percent benchmark, providing an important safety margin for meeting the Maastricht deficit criterion.

The cabinet said that the 1997 effort was evenly split between cuts and revenue increases. Primary expenditures by the federal authorities were cut by BF 17 billion, mainly in the fields of subsidies granted to public enterprises, international aid and military expenditures. The cabinet said that cuts in social security expenditures (BF 23 billion) would mainly affect health care.

The BF 40 billion of new revenues stemmed largely from an increase in fiscal and para-fiscal revenues, and to a much lesser extent from an increase in non-fiscal and miscellaneous revenues. Excise duties on petrol and alcoholic beverages were raised in the late 1996, the combat against fiscal fraud was stepped up, in part by introducing a tax on the actual delivery of paper securities, and certain previously tax-free instruments -- such as savings deposits. Finally, the government decided on asset sales.

In addition to this savings, the 1977 budget included a number of initiatives aimed at promoting employment which largely represented a continuation or modification of existing programs. The financing of these initiatives was to be provided mostly by the non-indexation of tax-brackets, which was continued.

III. Nationwide collective bargaining talks

During October 1996, employers and unions started preliminary talks on the nationwide private sector collective bargaining agreement for 1997 and 1998. The aim was to establish, within the framework of the newly adopted act on compe-

titiveness, the margin for wage rises for the next two years. However, the talks were marred by the ABVV/FGTB initiative to call a 24-hour strike on October 28th. The Christian and Liberal trade union confederations refused to join the strike. They argued that this was the surest and shortest way to wreck the talks. As expected, at the first formal meeting November 6, the ABVV/FGTB submitted new demands upon which the employers refused to continue the meeting. After this failure, the ball was again the court of the government. As required by the law, it was now up to the government to determine the margin for wage rises for the 1997-98 contract talks.

On December 17, the cabinet decided that for the 1997-98 period, nominal wage increases in the private sector would have to be limited to 6.1 percent. The margin set by the government came as no surprise since it was exactly what the cabinet had proposed on earlier occasions. Taking into account the automatic adjustment of wages to the cost-of-living it was estimated that, in real terms, compensation increases would be limited to 1.5 percent over the two years. The Belgian Business Federation argued that this margin was even smaller because of the European Commission's opposition to selective employer payroll tax rebates awarded by the Belgian government to enterprises facing stiff international competition (Maribel program).

IV. Employment policy

A. The labor force

In Belgium, despite an increase in the population of working age, total employment remained virtually unchanged in 1996. The decline in the number in public service jobs stopped in 1996. The abolishment of the military service, which caused most of the job lost in the public service, had no longer an effect. Moreover, the growing number of people employed under the four-day workweek scheme or on half-time early retirement, helped to keep up employment in federal government bodies.

There was virtually no increase in employment in the private sector. Between 1989 and 1992, the increase in compensation per full-time employment was faster in Belgium than in the neighboring countries, the largest divergence was observed with the Netherlands. At the same time, the development of employment was the most favorable in The Netherlands. Wage moderation during the 1994-96 period, made it possible to reduce the disparity as regards labor costs in relation to the three neighboring countries. During the 1987-96 period, the annual average of these costs went up 4.2 percent in Belgium, against 3.8 percent in the three neighboring countries. In terms of jobs, the negative effect was about 4,000 jobs per year.

Alongside the wage moderation measures, the reductions in indirect costs also contributed to the decline in average labor costs. In Belgium, selective reductions in employer payroll taxes made a significant contribution. These measures were maintained in 1996, with the slight modification that in 1996 the ceiling was raised for entitlement to reductions in contributions for low wages. The number of jobs benefiting from this reduction therefore rose from 450,000 to 750,000. The success of the branch-level collective bargaining agreements, whereby a reduction in contributions is granted if there is an increase in employment, was

growing. In 1996, the reductions in employers' contributions granted under the various schemes was BF 53 billion or 1.6 percent of total wages and salaries.

By an act of Parliament the possibility was created of adapting the weekly working hours to the fluctuations in activity during the year without paying higher wages. Conditions for hiring temporary workers were made more flexible.

In Belgium, part-time work represented 14.6 percent of the paid jobs in 1994, against 11 percent in 1987. Various measures were adopted within the framework of the multi-annual employment plan and of the July 26 act, aiming at widening the range of possibilities concerning part-time career interruption and improving the position part-time workers.

B. *Unemployment*

The conditions for access to the scheme for older unemployed persons, which has been in force since 1985 and which allows the beneficiaries exemption for reporting to the labor exchange, from registering as job-seekers and from being obliged to be available for the labor market, were made more flexible as of January 1, 1996. Unemployed persons aged 50 to 51 no longer had to prove reduced ability for work and the minimum period of unemployment required to entitle for benefits was reduced. Taking advantage of the relaxed rules, a large number of unemployed over 50 refrained from presenting themselves on the labor market. The number of older unemployed exempted from registration had climbed to 105,000 by December 1996. The increase in this type of early withdrawal from the labor market explains why for the first time since 1986 the labor force declined. The adjustments of the rules was in line with the definition of the International Labor Organization. Three more aspects of the regulations were changed in the course of 1996. The reference period taken into account in the measures for excluding cohabiting persons aged under 50 who have been unemployed for an abnormally long period was reduced from twice to one and a half times the average duration in the administrative district. Moreover, job-seekers who within the space of six months have worked at least 180 hours within the framework of the small jobs program were allowed to request exemption from reporting to the Employment Office. Parallel with this, the limitation to two years of the period of benefit in the event of interruption of unemployment for social and family reasons was lifted and the allowance paid during the first two years was increased.

Reacting, with a time lag to the cyclical improvement, the total number of unemployed job-seekers and beneficiaries of the scheme for older unemployed persons was actually in the fourth quarter of 1996, slightly lower than a year earlier.

Adjusted in order to take into account the number of older unemployed not seeking employment, the unemployment rate was just under 10 percent in December 1996, and unchanged compared to the corresponding period of one year earlier. In Belgium the improvement of the situation during 1996 was also reflected in the number of short-term unemployed.

The number of persons receiving unemployment compensation other than fully compensated unemployed continued to decline in 1996, although more slowly than during previous years. The replacement since the end of 1995 of the system of involuntary part-time work by a less favorable system resulted in a reduction in the number of part-time unemployed. The number of persons opting for

early retirement and temporarily unemployed remained stable. Despite efforts to upgrade the skills of unemployed, the number of job-seekers receiving training did not increase. Moreover, the various measures to encourage work sharing had no major effect on the number of career interruptions. All in all, the number of beneficiaries on these special programs declined by 3,000 in 1996, bringing the total number to 407,000.

C. *The cabinet's employment policy*

In October 1955, the cabinet introduced its multi-annual employment plan which was a continuation of its earlier plans, notably of the "global plan". The multi-annual employment plan had five aims:

- to increase the impact of economic growth on jobs by means of a reduction of labor costs;
- to promote a better distribution of jobs, essentially by encouraging part-time work;
- to help target groups of unemployed;
- to improve training;
- to create new jobs, primarily in the non-market services sector.

Monitoring the plan was entrusted to the High Employment Council, a newly created body composed of experts appointed by the cabinet.

Among the various concrete measures taken, the multi-annual plan increased the reductions in employers' social security taxes targeted at groups at the lower end of the labor market. More specifically, the ceiling on the monthly pay below which a reduction for low wages is granted was raised. Moreover, specific exemptions from employers' contributions were awarded in cases where jobs were created in the health care sector. The "recruitment advantage plan" for the long-term unemployed was extended beyond 1996, and a new "reintegration jobs plan" was introduced to grant reductions in social security contributions for the hiring of a worker aged over 50 registered as unemployed for at least six months. The "first work experience contract scheme" was created to grant a monthly bonus for employing a person who was registered as job seeker for nine months. The redistribution of work was encouraged by making career interruptions, part-time work, and half-time early retirement more attractive. The part-time early retirement and voluntary four-day week schemes were extended to persons with a temporary contract and to the armed forces.

In addition to these initiatives taken within the framework of the multi-annual plan, the unemployment schemes were modified early 1996 in various respects, including:

- an easing of conditions under which older unemployed were exempted from job search, thereby effectively leaving the labor force;
- introduction of stronger incentives for people interrupting unemployment;
- a further tightening of the rules governing the exclusion from the unemployment scheme on grounds of abnormally long unemployment.

The 1997 budget, submitted to Parliament in October 1996, allocated BF 10 billion to promote employment through cuts in employers' social security taxes,

conditional on job creation. Other employment-related measures announced in the budget included: a program of professional insertion consisting of one-year contracts for long-term or young unemployed; a cheque-service system targeted to specific sectors, and an overhaul of the small jobs program.

V. Social Security

A. Long term issues

In 1995, Belgium celebrated the 50th anniversary of its social security system. While the system provides adequate support to many, the growing number of beneficiaries and budget restrictions have put the system under heavy strains. In Belgium, on a total population of just over 10 million, social security means 1,5 million pensioners, 1 million households drawing family allowances, about 1 million people drawing unemployment compensation as unemployed or in an assimilated category (e.g. as early pensioner), and 99 percent of the population covered by health insurance.

Experts and politicians alike agreed that the time was right to decide on some major changes in social welfare policy to address a number of developments in society, such as the rapidly aging population, the breaking up of traditional families, the rapid rise of two-income families and atypical jobs, a financing system causing an excessive rise of non-wage costs and thus destroying jobs, and an economy growing at a much slower pace.

Early 1996, the two trade union confederations managed to produce a common position paper which called for:

- maintaining the personal insurance and solidarity principles in a nation-wide system;
- additional financial means through additional jobs, and a larger government subsidy;
- priority to the legal pension system rather than giving incentives to private pensions schemes, and equal treatment of men and women;
- no scaling down of early pension system;
- no payroll tax rebates awarded to the employers, unless they guarantee additional jobs in return.

In 1996, social security outlays for wage and salary earners amounted to BF 1,289 billion. The government subsidy to the system was set at BF 192 billion.

Because of the employers payroll tax rebates awarded in order to facilitate job creation, financing the system had to rely increasingly on taxes. In 1996, BF 52 billion payroll tax rebates were granted, compared to BF 45.7 billion in 1995. In order to finance these rebates, the system had to rely increasingly on taxes. Since 1994, a crisis tax was levied, together with an energy tax and a percentage of the VAT was awarded in an attempt to balance the books. Despite spending cuts decided by the authorities, the social security deficit grew again. In 1996, overall expenditures in nominal terms grew by 1.4 percent compared to the previous year.

In November, the health care deficit was estimated at BF 22 billion for the fiscal year 1996. For health insurance outlays in particular, there was a legal obli-

gation to limit spending growth to 1,5 percent in real terms. This again required from the government the traditional package of measures aimed at keeping medical consumption down, especially the costly high-tech treatments. Social Welfare Minister Magda De Galan (a Francophone Socialist) clashed with the medical profession over her attempts to freeze for a six-month period the physicians' fees. As the physicians refused to comply, the Minister threatened to impose tariffs single-handedly. During the drafting of the 1997 budget, the cabinet also decided to stop refunding out-of-date drugs. The authorities also attempted to deal with the growing number of medical students.

B. The pension reform

Because of a 1979 EU directive, Belgium was under pressure to give up its different treatment of men and women regarding pensions. Back in 1990, the Belgian legislature had complied with the EU directive abolishing the different mandatory retirement ages for men (age 65) and women (age 60), men and women alike having the option to retire from age 60 on. However, for budgetary reasons, Belgium was forced to maintain sex discrimination when it came to computing pension benefits. Pensions for men continued to be based on a 45 year professional career, and on 40 year career for women. In 1993, Belgium was condemned by the European Court, which gave Belgian men the opportunity to start lawsuits on the ground that Belgian pension laws discriminated against them. In 1995, the Ghent Labor Court ruled that the different ways of computing pensions was no unjustified discrimination, while the Liege labor court ruled in the opposite sense. Moreover, Belgium had been condemned by the European Court for sex discrimination regarding its early pension system.

Male workers having the opportunity to opt for the early pension system, while female workers aged 60, having no other choice that old age retirement.

In September 1966, the cabinet ministers reached agreement on gradually forcing women to work 45 years for a full pension, and only for pensions starting as of 1997. By the year 2009, retirement age for women will be 65, and by that time, computation of pension entitlements will be equal for men and women. To sugar the pill, an improved minimum pension was guaranteed for lower wage earners and part-time workers (mainly women).

As to overall reform plans, there was a consensus among to majority parties to maintain a nationwide mandatory system rather than opting for private pension schemes.

As for the public sector pensions, Pension Minister Marcel Colla announced that the system would be overhauled in 1997.

VI. The murder of four girls by a pedophile ring

A. An entire country mourns four girls

On August 13th, investigators of the Neufchâteau court arrested Marc Dutroux. Together with Dutroux, his wife and other accomplices were arrested. Dutroux was charged with the murder of four girls abducted in 1995.

The news of four girls killed by a pedophile ring led to a public outcry, heightened the existing tensions between the law enforcement agencies of Belgium and

raised serious questions about the effectiveness of the courts in dealing with crime. For the public there was no doubt that Belgium's law enforcement system was ineffective. Government ministers were forced to publicly admit that the law enforcement system was far from adequate. During the 1997 budget presentation, October 1, Prime Minister Dehaene said that his cabinet had the intention to implement a comprehensive judicial reform plan within 100 days.

The atmosphere became very emotional when the Dutroux defense lawyers sought the removal of Neufchateau investigating judge Jean-Marc Connerotte on the grounds that, by attending a party for the victims, he had showed bias. On October 14th, Belgium's highest court (the Cour de Cassation), revoked Connerotte. This led to spontaneous protests all over the country.

On October 17, the Chamber instituted a special commission which was granted powers to conduct a formal investigation into the way the courts and law enforcement agencies had handled the murder case. The commission was chaired by the Flemish Liberal (VLD) Deputy Marc Verwilghen. In first instance, the parents of the murdered and missing girls were received by the Chamber commission.

B. *The "white March"*

On October 20th, between 250,000 and 300,000 people marched in protest through the streets of Brussels in what was referred to as the "White March". This outpouring of emotion on such a large scale left the politicians dumbfounded. The march was not organized by political parties or special interest groups. It was a spontaneous event and no political party or special interest group managed to take credit for it. The extremist parties -- the Vlaams Blok on the right and the Labor Party on the left -- tried to get mileage out of the event, but failed. The anger of the public was directed, not only against the judiciary and the law enforcement agencies, but also against the political world in general. The politicians realized that reaching the EU convergence norms and other socio-economic issues had dominated the political agenda for too long. Moreover, it was also clear that the federal departments (justice, interior, gendarmerie, foreign ministry and the armed forces) had been the "victim" of the devolution process which had shifted financial means away from the federal departments to the regional authorities. Prime Minister Dehaene initially opted for leaving the issue in the hands of Justice Minister Stefaan De Clerck, but soon realized that he had to become involved himself. This resulted in a meeting with the parents of the victims on the day of the White March. During this meeting, Prime Minister Dehaene promised that the constitution would be amended to discontinue partisan nominations of magistrates. He also promised that sanctions would be taken against those who had failed to their duties.

By receiving the parents on a number of occasions, also the King played a very active and public role.

C. *Police reform*

Belgium has three police forces; the municipal police, the federal gendarmerie and the judicial police. The municipal police comes under the authority of the individual municipalities and has a local role. The federal gendarmerie (federal policy force) used to be a branch of the military. In 1992, under pressure

from the Socialists, the gendarmerie was demilitarized and came under the joint jurisdiction of the interior and justice ministers. Like the municipal police, the gendarmerie has a law and order mission (prevention and protection) but it also performs judicial tasks (investigations). The judicial police operates under the jurisdiction of the magistrates and has judicial functions only, no law and order tasks.

The federal gendarmerie is the largest police force. It is over 16,000 men strong and its many functions range from traffic control to judicial investigations. The latter are often conducted by the gendarmerie's own special intelligence branch. Compared to the gendarmerie, the judicial police is only a small force, some 1,400 in total. The judicial police has regional branches but also a national branch which deals with organized crime and terrorism. This special branch operates under the control of federal magistrates.

The gendarmerie has an annual budget of BF 26.7 billion whereas allocations for the judicial police amount to a mere BF 2.9 billion annually.

The judicial police often complains that the gendarmerie is moving on its terrain and that it is often left in the dark about operations carried out by the gendarmerie.

How sensitive relations between the Belgian law enforcement bodies are was demonstrated in September 1996 when Justice Minister De Clerck told Parliament that, according to a preliminary report of the Liège attorney-general Thily, the Liège gendarmerie had failed to share vital information on Marc Dutroux with the local judicial police and that, in doing so, the gendarmerie had obstructed the investigation. Vice Premier and Interior Minister Johan Vande Lanotte and Flemish Socialist (SP) Party President Louis Tobback strongly defended the gendarmerie against the allegations made by the Justice Minister. The two ministers involved in the fray and the chiefs of the law enforcement agencies later met in an attempt to straighten out the differences.

Discussion on a comprehensive police reform gained momentum in 1997.

D. *Reforming the courts*

The 1996 incidents demonstrated that the Belgian courts had personnel in insufficient numbers, lacked financial means and had outdated equipment. However, the most fundamental issue at stake was the constitutional position of the courts. In the name of the separation of powers, the foundation of Belgium's political system, the courts seemed to have become unaccountable. The magistrates argued that this independence was necessary to have an equitable law enforcement. However, the 1996 and earlier incidents had exposed a number of magistrates not devoted to the job, or more worrisome, magistrates abusing their authority, showing bias in handling cases, or protecting offenders. The political world said this state of affairs was unacceptable and it wanted "external control" over the courts. What sort of control this was going to become was the subject of debate and controversy. The magistrates warned that too much control would violate the principle of separation of powers.

The political world was equally responsible for the failures of the Belgian courts and law enforcement agencies. In the past, the justice and interior portfolios had been in the hands of ministers who had other portfolios to attend. With consti-

tutional reform and economic issues heading the agenda, there was no time for law enforcement issues. The problems which surfaced in 1996 were the result of decades of political neglect.

The problems were also caused by the partisan nominations to the courts and police forces. For many years, judges and leading officers in the police forces were supposed to wear party tags and national and local political party organizations scrupulously monitored nominations to ensure that each political party had its fair share of the pie. In most cases, judges and magistrates were very reluctant to show any party preference but it was often necessary to ensure promotion in the ranks. Pursuant to 1991 legislation, attempts were made to curtail partisan involvement in nominations and promotions. Constitutional reform was also envisaged to eradicate political interference.

By the end of October, Justice Minister De Clerck managed to submit to Parliament his first reform piece. It was a bill instituting college of attorneys-general and providing the legal framework for the activities of federal magistrates. The aim of this bill was to streamline prosecution policy nationwide.

VII. Ministers face pedophilia charges

On November 18th, the attorney-general of the Brussels court of appeal submitted a file concerning Deputy Prime Minister Elio Di Rupo (Francophone Socialist) to the president of the federal Chamber of Representatives. His name appeared in judicial investigations regarding pedophile activities. The federal Chamber floorleaders decided on November 19 to set up a special commission to review the attorney-general's request to pursue the constitutional process created for criminal investigations involving ministers. The Chamber had several options: to formally indict the minister, to dismiss the case or to ask the country's highest court to conduct further investigations. Di Rupo himself denied the allegations as being "outrageous" and a "pack of lies". For the Francophone Socialist party (PS) this was yet another case it what appeared to be an endless stream of scandals.

Meanwhile, on December 9, Walloon Region and Francophone Community Minister Jean-Pierre Grafé (PSC) submitted his resignation. His decision followed the Cour de Cassation's submission to both the Francophone Community and Walloon Region Parliaments of a file allegedly containing child abuse charges. On December 10, PSC chairman Charles-Ferdinand Nothomb announced that Grafé's replacement was William Ancion, an alderman of the city of Liege. In conjunction with similar allegations made in 1982, the new charges pressed against Grafé made it impossible for his party to continue to support him.

On December 12, the special Chamber committee established to review the charges against Di Rupo decided that there was not enough substance in the allegations to pursue an indictment against the Vice Premier. The committee also decided to submit new legislation (adopted by the Chamber December 16th) to allow the Cour de Cassation to conduct investigations into files against ministers. Before the law was changed, for any allegation against a minister, the Chamber had to determine whether or not the Cour de Cassation should pursue an investigation. The aim of the new legislation was to permit the Cour to conduct such investigations, allowing Parliament to avoid dealing with files based on unreli-

able witnesses and hearsay. Under the new legislation, arresting and indicting ministers remained the exclusive prerogative of the Chamber.

Later, similar legislation was approved for dealing with regional and community government ministers.

VIII. The Cools murder case

On September 6, the Liège judicial police arrested five suspects charged with having planned, back in 1991, the murder of former Francophone Socialist (PS) Deputy Prime Minister André Cools. One of the five was former regional minister Alain Van der Biest (PS).

Soon after André Cools was shot dead in 1991, the investigation had already centered on aides of Van der Biest. The main suspects were Richard Taxquet, the minister's private secretary and Pino di Mauro his assigned driver. It was believed that these two, and their accomplices from the Liège underworld, had recruited professional killers in Italy to assassinate Cools and had organized the killers' safe return. The names of the conspirators had surfaced earlier in a case of stolen securities which was unearthed by investigators of the Neufchateau (Luxembourg province) court. When for the first time revelations in the Cools murder affair were made the most plausible explanation was that Andre Cools had been informed of the criminal acts committed by minister Van der Biest's aides and that he had threatened to ruin the latter's political career. Despite evidence and a plausible motive, the Liège court had failed to elucidate the murder. However, when early 1996 a new attorney-general to the Liège court was named, the investigation was resumed leading to the identification of the last unknown conspirator. Domenico Castellino admitted to have hired two Tunisian professional killers in Italy and to have brought them to Liège. Early October, the two were arrested in Tunisia. They admitted to have killed someone in Liège, alleging not to have been informed about the identity of the victim. Although formally indicted, former minister Van der Biest continued to deny that he had masterminded the Cools murder. Whereas the murder scenario was known in detail, the real motive remained unclear.

It was during the Cools murder investigation that evidence was unearthed regarding the payment of bribes to the two Socialist parties by the Italian helicopter company Agusta and by the French Dassault aviation industries for defense contracts signed in 1988. In 1994, as a result of these revelations, then defense minister Guy Coeme, Walloon Region Minister-President Guy Spitaels and Walloon regional minister Guy Mathot (all three Francophone Socialists) had to give up their ministerial portfolios. One year later, the scandal hit the Flemish Socialists as well, leading to the resignation of Foreign Minister Frank Vandembroucke and NATO Secretary-General Willy Claes.

IX. Highest Court condemns former minister Coeme

On April 5, the Cour de Cassation, Belgium's highest court, gave former Vice Prime Minister and Defense Minister Guy Coeme (a Francophone Socialist) a suspended two-year sentence, a BF 200,000 fine and a five year suspension of his civil and political rights. Coeme faced corruption charges in the Inusop affair.

With Coeme, seven Francophone Socialist (PS) activists were condemned. Among the seven were Merry Hermanus, party leader in the Brussels regional legislature, Camille Javeau the Inusop director who masterminded the fraud, Brussels University professor Nicole Vosswinkel, former president of the board of Inusop and the Brussels University Sociology Institute, and Jean-Louis Stalport, managing director of the Francophone language radio and tv public network (RTBF).

Throughout the eighties, PS ministers in office and their aides had ordered surveys and research projects from the Inusop survey institute and the Sociology Institute of the Brussels University. Invoices were paid from regular budget allocations. These institutes charged exorbitant costs and some of these moneys charged by Inusop and the Sociology Institute were later channeled back to the ministerial cabinets or individual PS politicians for the payment of salaries of ministerial collaborators or for election campaign funding purposes.

In the eighties, Belgium had no legislation on election campaign financing and it occurs that for their election campaign funds, all political parties occasionally charged highly inflated invoices to friendly contractors who kindly refunded part of the received moneys to the party treasuries. This and other fraudulent practices came to an end when in the nineties Parliament adopted legislation on the public funding of election campaigns.

Because Guy Coeme did the incriminatory facts in his capacity of minister, the eight were tried by the Cour de Cassation. This special procedure before the country's highest court deprived the condemned of the possibility to appeal the verdict.

Once the verdict rendered, constitutional lawyers and politicians started to argue about the question whether Coeme could keep his seat in the Chamber of Representatives until 1999, the year of the next general elections. The Belgian constitution only talks about eligibility conditions, and to be eligible candidates have to enjoy their civil and political rights. Consequently, Coeme would not be allowed to run in the 1999 general elections. Coeme's supporters, however, argued that he could remain a Member of Parliament until 1999. Flemish Christian Democratic (CVP) floorleader Paul Tant said that it would be against the rationale of the Constitution to allow Coeme to carry on in his capacity of member of the House. Tant said it was in the first place up to Coeme himself to make a decision. He did not rule out the Chamber getting involved in the Inusop trial afterwards, adding that it would be advisable at that moment to allow the House committee on credentials, which reviews the credentials of newly elected members, to make a recommendation to the full house. PS Chamber floorleader Claude Eerdekens strongly defended Coeme saying that those who elected Coeme in the general election of 1995 were aware of Coeme's pending trial and that the decision of the electorate had to be respected. Eerdekens and former Vice Premier Philippe Moureaux (PS) also attacked the courts saying that they were seeking to discredit the political world. However, coming under mounting pressure, on April 15th, Guy Coeme decided to give up his parliamentary seat.

X. Belgium abolishes the death penalty

On June 13, the Belgian Chamber of Representatives adopted a bill abolishing the death penalty, thus removing an anomaly from the Belgian legal system. The last execution resulting from a trial in an ordinary court in Belgium took place in

1863. Except in the cases of wartime collaborators tried in special courts, death penalties were automatically turned into life imprisonment by the magistrates.

In submitting the bill, Justice Minister Stefaan De Clerck pointed out that Belgium was among the last member states of the Council of Europe to retain the death penalty. This was impeding relations with other European countries, since some refused to extradite criminals to Belgium because of the possibility that the death penalty could be imposed.

The abolition of capital punishment, as approved by the Chamber of Representatives, included wartime crimes, and was replaced by life imprisonment. Sentencing to "forced labor" was also abolished. A new category of sentence, 20 to 30 years, was introduced in order to differentiate between sentences for manslaughter and murder.

The opposition parties (the ultra-right Vlaams Blok and National Front excepted), endorsed the abolition of capital punishment, but they took the opportunity to argue that the prevailing liberal parole policy would make it more difficult to combat serious crime.

XI. Basques suspects not extradited

On February 5, the Council of State suspended in an expedient judgment Justice Minister Stefaan De Clerck's January 22 decision to extradite Luis Moreno and Raquel Garcia, a Basque couple suspected of terrorist activities in Spain. The Basque couple was immediately set free.

On May 28, 1993, the Spanish authorities had filed an extradition request on the grounds that back in 1992 Moreno and Garcia had provided shelter for three ETA terrorist suspected of having killed a Spanish policeman. The two, who had fled to Belgium in March 1992, were arrested on June 15, 1993.

In 1993, the prosecuting judge of the Brussels appeal court had advised against the extradition because of the highly political nature of the case. Although justice ministers usually follow such an advice, Minister De Clerck had made it understood that the international combat against terrorism and relations with Spain would be major considerations in rendering a verdict. The appeals chamber of the High Commission for Refugees had decided that Garcia and Moreno did not qualify for political refugee status.

As soon as the Council of State's decision was announced, the Spanish government called its ambassador in Brussels back to Madrid, and the Belgian ambassador in Madrid was summoned to the Spanish foreign ministry to provide explanations. The Spanish Interior Minister Juan Alberto Belloch announced that legal cooperation between the two countries would be suspended awaiting the final verdict of the Council of state.

Justice Minister De Clerck said that he understood Spain's anger, adding that in originally opting for extradition, it was his priority to intensify judicial cooperation among the European countries.

Later during the year, the two countries settled their differences and on September 24, Belgium and Spain signed a cooperation agreement on combating terrorism.

XII. The political parties

A. CVP leader Van Hecke resigns

On June 6, Johan Van Hecke, President of the Flemish Christian Democratic Party (CVP), announced that he was resigning as party president. In his letter of resignation addressed to the party executive board, Van Hecke indicated that marital problems had made him decide to give up the party presidency. In the letter he emphasized that this was his own decision and expressed the hope that the media would refrain from intruding into his private life.

Following the announcement of Van Hecke's decision, the party's leading politicians all emphasized that this "unfortunate private event" would have no effect on the cabinet. Prime Minister Dehaene said that Van Hecke had informed him, some days before, about his decision to step down, and that he and others in the party had urged him to stay on. Praising Van Hecke's achievements as party president, the Prime Minister said that Van Hecke's line would be continued. He said he hoped there would still be a role for Van Hecke in Belgian politics. All CVP leaders emphasized that Van Hecke's resignation would have no repercussions for the federal government.

Van Hecke was expected to be re-elected as party president at the party's June 15 convention. He became party president in 1993, replacing Herman Van Rompuy who became Vice Premier and Budget Minister in the Dehaene cabinet. On the eve of the 1995 general election, Van Hecke successfully opened up the ranks of the party to independent personalities and to a number of defectors from the green party Agalev. Despite somber pre-election opinion polls, the party managed to hold on to its seats in Parliament. Van Hecke was credited for this achievement.

Flemish Deputy Marc Van Peel, the party's vice-president, was called to complete Van Hecke's term of office as president until November. In November, Van Peel was unopposed in the election for party president. Van Peel started his career with the Christian Labor Movement and he was President of the Catholic Youth Council. He became a member of Parliament in 1987, and following the 1995 general election, he moved to the Flemish Parliament. At one time, Van Peel was member of the Chamber foreign affairs and European affairs committees and one of the party's leading spokesmen on African policy.

B. Euro-MP Vanhecke named Vlaams Blok president

The appointment of Euro-MP Frank Vanhecke to succeed Vlaams Blok president-for-life Karel Dillen took place at the party's convention on June 8th. Vanhecke's accession brought an end to a fierce succession battle which had been raging in the party for several months, and which had opposed federal Deputy Gerolf Annemans to Flemish Deputy Filip Dewinter.

Dillen's resignation came as no surprise. The then 71 year old president was reportedly in poor health and was considered to have lost effective control over the party's policy-making structures. Deputy Gerolf Annemans was the first to announce his candidacy to succeed Dillen. He was immediately challenged by Flemish Deputy Filip Dewinter. Annemans represented the "traditional" Flemish na-

tionalist (strongly pro-Flemish independence) wing, while the more radical Dewinter spoke for the anti-foreign "Flemings first" faction.

In his capacity as president-founder, Dillen had the prerogative to choose his replacement. The media quoted Vlaams Blok officials as saying that in order to avoid a rift in the party, Dillen opted for someone who was not identified with either wing of the party. Dewinter told the Flemish independent daily "De Standaard" that he was not disappointed with Dillen's choice, since he himself is concentrating on Antwerp where following the 1994 municipal elections, the Vlaams Blok is the largest party in the municipal council.

Frank Vanhecke, started his political career in the moderate Flemish national Volksunie. He defected to the Vlaams Blok when the Volksunie struck a deal over constitutional reform, and joined the federal government coalition. Between 1989 and 1994 he worked as staff member for the ultra-right group of the European Parliament. In 1994, it was Dillen who paved the way for Vanhecke's election as member of the European Parliament.

C. *The Francophone Christian Democratic Party (PSC)*

On January 8th, Gérard Deprez announced that he was going to step down as PSC party president as of March 30th. Deprez was party president since 1981. Upon making the announcement, Deprez said that he favored Senator Joelle Milquet, the party's political secretary, as his replacement. On January 19th, former party president Charles-Ferdinand Nothomb announced that he was going to challenge Milquet. Milquet campaigned for reorganizing the party, while Nothomb represented the traditional wing of the party. While most party leaders refused to commit themselves to one of the candidates, Nothomb had the public support of Defense Minister Jean-Pol Poncelet while Senator Milquet was endorsed by Vice Premier Philippe Maystadt. The election, open to all party members and held between March 11 and 28, resulted in a very narrow victory for Nothomb, much to the dislike of Deprez. The election intensified the rivalry between the factions of the party. Once elected, Nothomb refused to endorse Milquet for the position of Senate floorleader.

D. *The Flemish Socialists (SP)*

On July 22, SP Chamber floorleader and former Foreign Minister Frank Vandebroucke announced that he was quitting Belgian politics, opting for a two-year term as researcher at Oxford University. Vandebroucke denied that his decision was a result of the ongoing investigation into his role in the Agusta bribes affair. Deputy Louis Vanvelthoven took over as SP Chamber floorleader. Norbert De Batselier, the Flemish Socialist President of the Flemish Parliament, and former Volksunie leader Maurits Coppieters submitted a blueprint for a "progressive" front reaching out to Socialists, Flemish nationalists and Christian Democrats. They pleaded for greater autonomy for Flanders and Wallonia. This met opposition inside the SP from Euro-MP Freddy Willockx and Flemish regional deputy Jef Sleenckx.

XIII. Skirmishes during annual Yzer pilgrimage

The August 25, 1996 ceremony at the Yzer banks in the town of Dixmude (West-Flanders province) to commemorate the Flemish killed in the first world war was

the scene of skirmishes provoked by supporters of the extremist right and Flemish separatist Vlaams Blok party (VB). With a smaller turnout than expected and the absence of most leading Flemish politicians, the pilgrimage was a dramatic show of the schism in the Flemish movement. The first incidents at the annual pilgrimage occurred in 1995 when radical Flemish nationalists assembled on the opposite side of the Yzer river calling for the resignation of the pilgrimage leadership. In an attempt to forestall new incidents, Flemish cultural personalities had earlier during the year tried to find a compromise between the moderate pilgrimage leadership and radical organizations which wanted to gain control over the event and turn it into a grand celebration for Flemish independence. The talks failed and the ultra-right Vlaams Blok leaders made no secret about their plans to cause trouble and to seek the resignation of Lionel Vandenberghe, the pilgrimage's president.

In an earlier attempt to preserve unity, Vandenberghe had made a controversial call in 1992 for separation between Flemings and Walloons within a Belgian framework. After obtaining this important concession, the radicals increased pressure on Vandenberghe to try to force him to call for the independence of Flanders. Backed by moderate Flemings and Christian Democratic and Volksunie politicians, Vandenberghe tried to resist the radicals.

It came as no surprise when Vlaams Blok militants and other radicals disrupted the 1996 ceremony. Turmoil grew when Vandenberghe started to deliver his speech. In an attempt to obstruct him, the radicals, complete with a drum band, fought their way to the rostrum. Vandenberghe managed to complete his speech, but the celebration ended in chaos with radicals physically attacking moderates. Although no serious injuries were reported, it nevertheless was the first time on record that Flemish nationalists attending the pilgrimage engaged in physical fighting over separatist ideas.

At the end of the pilgrimage, Volksunie President Bert Anciaux was in tears. He and Volksunie Minister of State Hugo Schiltz strongly assailed Vlaams Blok politicians for causing "irreparable damage" to the pilgrimage and the Flemish movement. Commentators in the Flemish press argued that there was no point in having a celebration in 1997, but Vandenberghe said his committee would carry on despite Vlaams Blok threats. Vlaams Blok president Frank Vanhecke and VB Senator Wim Verreycken, who coordinated the attack on Vandenberghe, said that this confrontation was necessary to preserve the uncompromising character of the pilgrimage.

Some Flemish commentators pleaded for the abolition of the commemorative event as moderates had lost control.

Facing these negative comments, Vlaams Blok leaders, while unrepenting, tried to minimize the significance of the incidents. The events of August 25 widened the cleavage between the Vlaams Blok and mainstream democratic parties.

XIV. Foreign and Defense policies

A. Foreign Policy

Zaire

On December 22, 1995, Belgium resumed indirect bilateral cooperation with Zaire, but implementation of this decision took a slow start. The allocation of projects was stopped when the Zairian ambassador in Brussels Kimbulu Moyansa Lokwa, said that these projects first required approval from Kinshasa. The Belgian government refused to meet this demand since past experience had learned that this would result in Zairian control over aid projects.

In August 1966, Zairian Prime Minister Kengo Wa Dondo visited Brussels. He and his Belgian interlocutors managed to iron out the differences. The Belgian government committed itself to raise indirect aid from BF 400 million to BF 600 million in 1997. The Belgian cabinet also accepted to ease visa requirements and to provide logistic support for the general elections in Zaire, scheduled for 1997.

In September, skirmishes erupted in Eastern Zaire (Kivu) between rebels supported by Rwanda and Burundi and the regular Zairian army. On October 30th, Foreign Minister Erik Derycke told the Senate Foreign Affairs Committee that Belgium was trying to mediate between Zaire and Rwanda. He proposed the organization of a reconciliation conference in an attempt to deal with the one million Rwandan refugees staying in Zaire. As there was not enough interest in this Belgian proposal, Brussels later offered financial and logistical aid for an international intervention force to protect aid mission for the refugees. When in November the Hutu refugees returned in great number to Rwanda, the UN shelved the intervention project, much to the dissatisfaction of Brussels.

Relations between Zaire and Belgium further normalized when in November Development Assistance Secretary Reginald Moreels visited Zaire. He was the first Belgian cabinet member to visit Zaire since 1990. The aim to the visit was to assess the sending of indirect aid and to support Zaire's democratization process. The visit took place at a moment the situation was volatile in Kinshasa. President Mobutu was convalescing in France after treatment for prostate cancer, and opposition leader Etienne Tshisekedi was claiming the prime minister portfolio.

Rwanda

On July 4th, the Military Court acquitted Colonel Luc Marchal who was tried for involuntary manslaughter. In April 1994, Marchal was commander of the Belgian troops assigned to the UNAMIR peacekeeping force in Rwanda. In this operation, 10 Belgian paratroopers were brutally killed by Rwandan forces. The public prosecutor took the position that the charges pressed against Marchal were proven, but he requested only a symbolic penalty of one month suspended imprisonment. The court, however, ruled against the public prosecutor and it also ruled against accepting the claims of the survivors.

In 1996, pressure mounted for having a parliamentary investigation into the Rwanda drama. To that effect, petitions were submitted to Senate President Frank Swaelen. The government refused to submit confidential documents to the Senate Foreign Affairs Committee.

In July, a compromise was reached: four senators and two former presidents of the Arbitration Court were mandated to verify the nature of the confidential documents. By the end of 1996, however, the working group had not yet submitted its findings.

Ex-Yugoslavia

On January 12, the cabinet decided to keep troops in Eastern Slavonia for the UN peacekeeping force. The cabinet committed 820 troops to the area. After having obtained from the UN the necessary guarantees regarding the safety of the military, Belgium also agreed to command the 5,000 UN troops called to assist the UNTAES transitional government of the region. Major-General Jozef Schoups was named commander as of March 1st. Although his mandate was scheduled for one full year, in November, Defense Minister Poncelet announced that Schoups would be replaced by Major-General Willy Hanset. Reportedly, the UN hierarchy was critical of Schoups' command. On December 12th, the cabinet decided to discontinue participation in the multilateral NATO peacekeeping force in Bosnia. The decision was made because of budgetary reasons. Nevertheless, the cabinet agreed to keep 75 military and 4 F-16 fighters at the disposal of the Stabilization Force (SFOR) which, as of December 20th, replaced the implementation Force for Bosnia (IFOR).

B. *Defense*

In an interim report submitted to the cabinet, Defense Minister Jean-Pol Poncelet alarmed his colleagues about implementation of the 1992 armed forces reform plan. After abolition of conscription, it was planned that the armed forces would be reduced to 47,500 men. However, on January 1, 1996, there was a surplus 3,800 men compared to original planning. The cabinet decided that the deadline for full implementation of the reform would be delayed from the end of 1997 to the end of 1998. The defense minister also complained about restrictions limiting his budget to BF 98 billion. The minister argued that since peacekeeping operations cost BF 2.5 billion, his budget required adjustment. The minister's pleas for additional budget allocations were strongly endorsed by Chief-of-staff Admiral Willy Herteleer who argued that defense needed an additional BF 10 billion each year to be able to replace outdated equipment. However, when the 1997 was drafted, the Defense Minister failed to win support for an upgraded budget.

Summary: Belgian Politics in 1996

In 1996, Belgian politics centered around three major issues: the jobs contract, the 1997 budget and political fallout of the Dutroux affair (the four girls killed by a pedophile ring).

During the first months of the year, Prime Minister Debaene attempted to win support for a comprehensive jobs contract, but the draft agreement was turned down by the Socialist trade union militants. Nevertheless, the measures contained in the agreement were later implemented by the cabinet, without the consent of the employers and organized labor. Together with adjustments made to the social security system and implementation of budgetary measures needed to reach the conditions set by the EU for joining the Economic and Monetary Union, the jobs contract was implemented by means of special powers. The cabinet obtained these special powers from Parliament before the summer recess. After the summer, as a result of the Dutroux affair, the cabinet dealt with legal reform, in the process trying to quell tensions arisen among the law enforcement agencies.