

# Leveled domestic politics. Comparing institutional reform and ethnonational conflicts in Canada and Belgium (1960-1989)

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## I. Introduction

The present article draws heavily from a federal perspective. It seeks to contribute to the analysis of multi-level governance through a comparison of ethnonational policymaking in the Canadian federation and in the Belgian unitary state (1960-1989). The policy domain under scrutiny is the broad spectrum of ethnonational conflicts and the institutional reforms triggered by these conflicts. The Belgian case, during the period from 1960 until 1989, is presented as a single level policy system.<sup>1</sup> The Canadian federation is introduced as a multi-level system, in which both the federal and the provincial levels played a crucial role in the regulation of ethnonational tensions. The goal of the comparison is to investigate whether the presence or absence of different policy levels influenced the policy performance of the two states when it came to settling their respective communal conflicts. The settlement of ethnonational conflicts usually resulted from decisions taken jointly by both conflicting groups. The way in which joint decision-making was structured in the Canadian federation and the Belgian unitary state will be an important element in the understanding of the policy performances.

## II. Policy performances

The results of thirty years of ethnonational conflict management provide a very different picture in Canada and Belgium. The policy outputs in both cases contrast starkly. Below, the main instances of ethnonational conflict regulation from 1960 until 1989 are listed. The lists are by no means complete, but they do cover the most prominent conflict issues in both cases.

### *Ethnonational conflict regulation in Belgium (1960-89)*

The 1962-63 language legislation, the split of Catholic University of Louvain (1968)

Purchase of F-16 fighterplanes (1975 and 1982-83)

Financial support for Cockerill-Sambre steel industry (1981-1983)

Purchase of telephonic equipment – the R.T.T. contract (1982-87)

<sup>1</sup> During the period 1960-1980 Belgium underwent a transformation from a central to a federal state. Despite these important institutional reforms during that period, the Belgian state still functioned as an essentially unitary state when it came to the regulation of its ethnonational tensions.

- The Voer question
- The Brussels question
- Constitutional reform (1970-71)
- The Egmont-Stuyvenberg pact (1977-78)
- Constitutional reform (1980)
- Constitutional reform (1988-89)
- Ethnonational conflict regulation in Canada (1960-89)*
  - The Canadian Pension Plan (1963-65)
  - The Fulton-Favreau amendment formula (1964)
  - Constitutional reform – The Victoria Charter (1968-71)
  - Sovereignty-Association referendum (1980)
  - The patriation of the British North America act (1976-82)
  - The Meech Lake Accord (1987-90)
  - CF-18 plane purchase
  - Bilingual air traffic control in Quebec (1976)

Clearly, both Canada en Belgium experienced a substantial share of ethnonational rivalry and a corresponding number of efforts to regulate these tensions. However, their respective records of success are entirely different. Except, for the Egmont pact, all of the above-mentioned Belgian conflicts were transformed into mutually accepted outcomes. The list of Belgian conflicts is actually also a long list of complex package-deals and compromises. Compromises that were consistently translated into concrete policy measures and reforms. Except for the Canadian pension plan, none of the important Canadian ethnonational conflicts resulted in a mutually accepted outcome. Those rare instances where Canadian elites seemed close to a policy outcome that satisfied both english and french Canadians, the implementation of the agreement proved to be an insurmountable stumbling block (*cf.* Meech Lake). The continuous stream of compromises in Belgium lead to a gradual, but very fundamental reform of the Belgian state. Thirty years of constitutional negotiations in Canada, did not lead to a single reform supported by the two language groups. If anything, forty years of reform efforts seems to have brought the prospect of Quebec's separation from Canada closer than ever before.

The highly dissimilar policy outcomes produced in the Canadian federation and the Belgian central state beg the question 'why Canadians failed so poorly in their constitutional endeavors and what produced the impressive Belgian success rate?'

It could be argued that the conflict situations present in 1960 were entirely different in Canada and Belgium. Different conflict situations create different conflict dynamics, which in turn lead to different policy outcomes. This dissimilar case argument appears to be unconvincing. The ethnonational conflict situations in Canada and Belgium, at the outset in 1960, were very comparable and similar in many important respects.

- Canada and Belgium both experienced essentially *bicommunal* ethnonational conflicts, encompassing two ethnonational groups. Of course, both countries

comprised other ethnic and linguistic groups, but the main source of tensions arose due to a problematic coexistence of the two largest ethnonational groups. The dual natures of these states entailed a constant tendency on both sides to perceive ethnonational interaction as a zero-sum situation. The 'enemy' and constant opponent always appeared to be the other ethnonational group. The gain of one ethnonational group was easily perceived as a loss for the other group, and vice versa. In such settings, there was little room for coalition shifting or fluid alliances that could moderate the rivalry.

- The ethnolinguistic conflicts in Belgium and Canada were both *low conflict cases*, in the sense that widespread intergroup violence did not occur. There were highly publicised instances of political violence in Quebec and Flanders (cf. the abductions by the Front du Libération du Québec, the violent clashes and shoot out in the Voeren area in Belgium), but these violent interactions were rather exceptional and carried little popular support.
- The geographical distribution of the ethnonational groups shows parallels in Canada and Belgium. Both ethnonational groups are concentrated in a core region and perceive that region as the cornerstone of their identity (e.g. Flemish in Flanders, Quebecois in Quebec). There are important minorities outside the core region (e.g. french Canadians in Ontario and New Brunswick, Flemish minority in Brussels). Within the ethnonational core region (Flanders, Quebec) reside important minorities belonging to the other language group (e.g. anglophone Quebecois, Francophone minorities in Flemish municipalities around Brussels and along the language border).
- The *development* of the ethnonational groups in the two countries was strikingly similar. For more than a century the Flemish in Belgium and Francophones in Canada were in a socio-economic *subordinate* position. Although, French speakers constituted a majority in Quebec and the Flemish in Flanders, they occupied a minority status. Both ethnonational groups were associated with rural backwardness and the dominance of the Roman Catholic Church. Flemish and French-Canadian ethnonationalism were cases of *ethno-class segmentation* (coinciding ethnic and class divisions) mainly preoccupied with the protection and installation of linguistic rights. At a similar point in time (after the second World War), socio-economic changes caused the creation of a new Flemish and French Canadian well-educated middle class. The introduction of new, capable and politically active groups caused the emergence of a new, and more demanding, ethnonational movement. Thus, the definition of the ethnonational groups changes significantly. In 1960 the social segmentation in Canada and Belgium disappeared as a defining characteristic of ethnonational identities. The ethnonational definitions in both cases acquire a territorial aspect. French-Canadian nationalism associated its goals and interests with the province of Quebec and thus became Quebec nationalism. The freezing of the linguistic frontier and the creation of uni-lingual regions drew the prime focus of Flemish ethnonational identification to a territorial delimitation. Both French Canadian and Flemish nationalism moved from ethno-class forms of segmentation to *ethno-territorial* divisions (coinciding ethnic and territorial divisions).

- During the sixties, in Canada and Belgium, ethnonational *political parties* (the Parti Quebecois in Canada and the Volksunie in Belgium) succeeded in obtaining quite swiftly large electoral support.
- Both in Canada and Belgium the ethnonational issue was not restricted to a dispute between the (Quebecois and Flemish) nationalist actors with their cultural/linguistic and economic 'shopping lists' and a political centre reluctant to capitulate to the centrifugal tendencies. There were important *third actors* who did not initiate the ethnonational conflict but played an important role in the development and outcome of the tensions. On the one hand, in Belgium, Walloon regionalists feared that the Flemish numerical majority would be translated into a Flemish political dominance in the Belgian state. Therefore, they favored economic decentralisation and regionalisation that would provide them with the resources and means to stimulate a regional economic recovery. This convergence of interests frequently turned Walloon regionalists into the objective allies of Flemish nationalists. On the other hand, in Canada, some provinces, especially the Western provinces (Alberta, Saskatchewan and Manitoba) played a similar role in the Canadian ethnonational conflict. The Western provinces felt politically underrepresented in a federation which, to their mind, granted too much attention to Quebec's aspirations. However, the oil-blessed Western provinces eager to control their own economic resources, often supported Quebec's demands for increased provincial powers.
- In both countries three main issues dominated the ethnonational debate and conflict. First, in both countries the ethnonational movements sought the control over *socio-economic resources in their region*. The Quebecois surmounted their position of economic backwardness. In Belgium tensions erupted due to the Flemish reluctance to use the benefits of Flanders' recent prosperity to support the declining Walloon economy. Both the Quebecois and the Flemish wanted an adequate representation in, and control over, their governmental institutions. Second, many conflicts were rooted in the attempts of ethnonationalists to establish or maintain *monolingual regions*. Language laws aiming at the dominance of the French language in Quebec have been a constant source of tension. In Flanders the municipalities with special language rights, the expansion of Brussels and the "Voeren" problem were perceived as threats to the uni-lingual Flemish region and provoked intense conflicts. Third, the most prominent ethnonational demand that arose in both Belgium and Canada was the call for *self rule*. In Canada the demand was formulated as a quest for increased provincial autonomy. Quebec wanted more powers, more financial resources and a special constitutional status that would fortify its powers. In Belgium the quest for self-rule was translated into the demand for a Flemish sub-state in a bicomunal federation.
- A cursory reading of recent Canadian and Belgian political history shows that ethnolinguistic tensions have dominated the political agenda of both states for many years. Political elites have spent massive amounts of time, energy and resources to settle their communal differences. Especially, Canadians have used every conceivable strategy and instrument to pacify the conflict (secret negotiations, public hearings, academic studies, royal commissions, referenda,

unilateral action, etc.). It was certainly not a lack of political will and effort that kept Canada from a mutually accepted deal.

In view of these important similarities it appears hard to maintain that profoundly different conflict conditions occasioned the great disparity of policy outcomes in both countries. In spite of the above listed similarities, a critical reader will immediately consider the innumerable features on which both cases differ. Indeed, Canada and Belgium are also in many ways profoundly different countries. The point here, is not that both cases are virtually identical, but rather, that the initial conflict conditions as such do not directly explain the very different policy results.

The comparative strategy applied in the remainder of the paper, does not seek to identify every element of difference between the cases. Nor is a subsequent effort made to determine whether such differences actually mattered for the creation of policy outcomes. Instead, the proposed comparison centers on one single variable that appears to explain the contrasting policy performance in Canada and Belgium. That explanatory variable is the different institutional context in Canada and Belgium. The proposed institutional explanation is based on two arguments. First, the leveled nature of Canadian policymaking opened up opportunities for conflictual unilateral decisions, which were foreclosed in the Belgian central state. The unilateral option influenced the commitment of both federal and provincial governments to joint decision-making in ways that were inconceivable in Belgium. Second, when decisions were taken jointly by actors in conflict, the institutionally geared conditions of joint decision-making were profoundly different. The conditions of joint decision-making stimulated intransigent bargaining in Canada and compromise-oriented strategies in Belgium.

### **III. Joint and unilateral decision-making in the Canadian federation and the Belgian unitary state**

Federal states create several policy-making arenas. Within the Canadian federation the province of Quebec, like any other sub-state, has its own policy-making niche that allows Quebecois to decide independently on a number of matters. Next to the independently operating provincial and federal governments, there is also a forum where decisions are jointly taken by all the governments, the so-called First Minister Conferences. Federal structures, as combinations of joint and unilateral decision-making, comprise two levels of tensions. The first tension relates to the normal problems of joint decision-making, namely, the tiresome quest for mutually acceptable compromises. The second tension arises due to the possibility of choice between joint or independent decision-making. The presence of a choice between joint or unilateral action is the crucial difference between ethnonational decision-making in a federal state and in a unitary system. Due to unclear constitutional prerogatives or very high stakes the ethnonational actors in a federation are constantly tempted to avoid joint decision-making and to engage into unilateral action. The unilateral action is possible because the different governments possess the means and resources "to go it alone".

The presence of the unilateral option also affected the attitudes of Canadian negotiators when they participated. At joint efforts to regulate their differences. Since other options were available there was often no strong incentive for the negotiators to try and settle their differences by mutual agreement. The lack of commitment towards negotiations became apparent when the actors' preferences diverged to the point of being totally incompatible (for example, the patriation of the BNA-act). The development of a consensus in such zero-sum settings required important concessions on both sides which the actors were unwilling to make if they felt that they could achieve their goals in alternative ways. Moreover, in the cases where the actors participated at joint decision-making, while having alternative options, they consistently pursued maximum benefits and rebuked any agreement that did not embody a full satisfaction of their preferences.

Most Canadian conflicts followed a recurrent interaction pattern. The opposing sides first tried joint decision-making. If an agreement was not within reach, one of the antagonists tried to enforce an outcome through unilateral action. Subsequently, the actor upon whom the unilateral outcome would be imposed, attempted to create a common front (federal and provincial governments against Quebec, or, the provinces and Quebec against the federal level). Within the common front the actors tried to establish a common program to oppose the unilateral actor more efficiently. The search for common denominator stimulated bargaining and compromises within the common front. If the common front managed to block the unilateral action another session of joint decision-making was upon them. The pattern repeated itself until one of the sides gained the upper hand or until other pressing issues called for government attention. In short, the availability of unilateral action in Canada as an open alternative to the cumbersome, compromise-requiring joint decision-making stimulated the development of discordant ethnonational interactions.

Ethnonational conflicts in Canada often fell under the regime of joint decision-making due to constitutional prescription or the nature of the conflict. However, some of the issues arousing ethnonational protest belonged to the authority of a single government whereby the intervention of other provinces or the federal government was not required or even prohibited. Thus, the tensions surrounding the Quebec language legislation or the CF-18 purchase were decided on by one single level, and frustrated other governments who could not influence the decision to their advantage.

Unlike in the Canadian federation all ethnonational conflicts that reached the Belgian policy agenda were subject to joint ethnonational decision-making. Every important ethnonational conflict in the Belgian central state was decided on by the central government. Both ethnonational groups are equally represented in the government and decide by unanimity. Unilateral decisions by one ethnonational group were impossible because there were no appropriate institutions to conduct such unilateral action.

Most instances of conflict regulation in Belgium took place while the government was in office or during the government formation period. Perpetuated non-agreement or failed joint decision-making caused the collapse or non-formation of the central government. In other words, negotiations on ethnonational issues almost always developed in a context where continued disagreement caused dire consequences for all involved, namely, a policy vacuum. Non-agreement led to a continuation of the status quo and a general deadlock in policy-making because the central government ceased to function.

The F-16 affair, R.T.T purchase, the Brussels issue and many other linguistic issues aroused substantial ethnonational tensions in Belgium. Each conflict incorporated important zero-sum qualities. During the conflicts the ethnonational groups were diametrically opposed due to incompatible preferences. In spite of the contradictory demands the conflicts were all concluded with a mutually accepted agreement. Moreover, the ethnonational actors resorted to complicated and almost artificial constructions to establish a consensus. The techniques used to devise these creative and exotic package-deals included, the agreement-to-disagree (Brussels in numerous constitutional negotiations), expanding-the-pie (the RTT-contract), splitting-the-difference (regional councils within the national government regarding Cockerill-Sambre and the arms export licenses) and the renowned waffle iron politics (Pecq-Armentieres). If anything, the complexity and nature of these outcomes revealed a strong desire on behalf of the ethnonational actors to reach an agreement even if it was an agreement-to-disagree.

The proposed explanation for the apparent and consistent need for agreements in the Belgium system is that the ethnonational actors are strongly stimulated to formulate an agreement because the consequences of non-agreement are likely to be very disadvantageous for all the actors. A general policy deadlock implied that the ethnonational representatives had to forsake to all other policy programs they might have planned and envisage elections. Non-agreement rendered the political resolution of other societal problems impossible and brought the political system in a state of paralysis. Most ethnonational actors preferred to tune down their preferences and to accept a compromise rather than to confront the consequences of a general policy paralysis. The consequences of non-agreement rendered the establishment of an agreement valuable in itself, irrespective of its actual content.

#### **IV. Joint decision-making : three questions and three variables**

Federal and unitary states are different institutional entities. In spite of their obvious differences both encompass some degree of joint decision-making. Under a unitary regime joint regulation is the rule whereas federal systems combine it with independent decision-making.

The analysis of joint decision-making in the Canadian federation and the Belgian unitary state requires an analytical framework covering both the variation over as well as within the cases. The analytical tools will be developed by answering three

questions concerning the joint decision-making process. The questions will lead us to single out three variables that determine joint decision-making, namely, decision rules, default conditions and preferences.

The question "how shall we decide on an outcome?" refers to the decision rule to be applied on the joint decision forum. Decision rules are understood here as the technique that is used to make collective choices in the face of disagreement among legitimate participants<sup>2</sup>. The majority and unanimity rule are particularly relevant to joint decision-making. **Unanimity** rule makes governance dependent upon the agreement of all. It endows all participants with a veto power. If tastes are very diverse or contradictory decision-making under unanimity tends to be time consuming and can easily be stalled. Negotiators desiring an agreement tend to engage into a difficult search for compromises that satisfy all participants. The power of each participant to block an agreement elevates even the weakest participants or demands to the level of importance. **Majority** rule invests the numerically larger faction with the power to determine the choices of all others<sup>3</sup>. The decisive or dominant faction is supported by the half+1 or a qualified number (for example 2/3) of the participants. The majority rule is likely to stimulate alliances. In order to achieve a decision the negotiators will need the support of others. The majority rule introduces the disturbing possibility of a decision being reached without the participation of the parties outside the winning coalition. The possibility of being left out is an incentive for coalition building.

Answering the question "do we want an agreement?" involves an analysis of how important a consensual outcome is to each actor. Such a straightforward assessment of the extent to which actors value an agreement is particularly difficult, if not impossible, since an infinite number of variables determine the worth of an agreement for each actor. Therefore, the problem will be operationalised by an investigation of what is likely to happen if the contrary, namely, non-agreement occurs. Instead of answering the question what the actors are likely to gain through joint decision-making, we respond by analyzing what they are sure to lose if they fail to agree. This brings us to an examination of the default conditions or the consequences of non-agreement. For the purpose of this research we distinguish three types of systemic default consequences.

First, the consequences of non-agreement are limited to an immobility on the single issue at stake. The failure of joint decision-making only obstructs progress on the issue or policy field at hand. This type of default condition will be referred to as **single policy paralysis**. The second type of systemic default consequence concerns a **generalised policy paralysis**. In this case the lack of consensus does not merely hamper progress in one policy field but entails a broad and generalised blockage of the wider decision-making process. The effects of disagreement on one issue, spillover to other not directly related policy fields. Under this default condition,

<sup>2</sup> SCHARPF, F., Decision rules, decision styles and policy choices. *Journal of Theoretical politics*, vol. 2, 1989 (2), p. 153.

<sup>3</sup> SCHARPF, F., *o.c.*, p.153.



unresolved and fundamental disagreement entail a global deadlock of policy activity. Third, unsuccessful joint decision-making can also stimulate the actors to take independent decisions and steps without the other parties' participation. Repeated stalemate in negotiations can bring the participants to resort to alternative actions outside the joint policy forum to achieve a policy outcome. The institutional environment largely predetermines the extent to which unilateral and independent actions are possible or foreclosed. The third type of default conditions relates to the **alternative actions** that are open to the actors in case a mutually expectable outcome does not materialize.

The third question "What should the agreement look like?" leads to an analysis of preferences. The focus is on the actual demands and issues proposed by the parties. It is important to distinguish preferences from default conditions. Irrespective of the default consequences, actors have specific preferences concerning the political choices an agreement should incorporate. The concept of preferences, as conceived here, concerns the actual political choices advocated by the actors independent of whether they value agreement a lot or not at all. A precise investigation of what the individual preferences are is important to understand the dynamics of conflict regulation. Even more essential is the analysis of how the different preferences relate to one another. In this respect, the way the opposite party perceives ones demands and vice versa is most significant. Joint decision-making is likely to be different when preferences converge or diverge. Many categorisations of the preference structure are possible. For the purpose of our analysis two very rudimentary and limited types will suffice. We distinguish between compatible and non-compatible preferences.

**Incompatible or mutually exclusive** preferences refer to a setting where the first party's preferences are absolutely unacceptable to the second party. More, the realisation of the other sides preferences renders ones own goals unachievable. The preference constellation is endowed with zero-sum qualities.

**Compatible** preferences concern all **non-exclusive** settings. In this case preferences can diverge in that they concern different issues or dimensions. Or the preferences can diverge on the same dimension but not to the extent that the preferences are each other's contrary. A compatible preference structure resembles positive sum situations.

Canadian community conflicts comprised (1) incompatible preferences (2) unformalised and substitutable unanimity rules (3) alternative options in case of default. This combination of joint decision variables failed to produce mutually acceptable outcomes. Belgian community conflicts comprised (1) incompatible preferences (2) formalised unanimity rules (3) a general policy paralysis in case of default. The Belgian mix of joint decision variables produced a continuous stream of mutually acceptable outcomes.

The explanatory hypothesis is that the Canadian federation incorporates a constellation of default conditions and decision rules which make conflict strategies, here perceived as intransigent bargaining and a tendency towards unilateral decisionmaking, beneficial for the ethnonational actors. The veto power, which is a consequence of the unanimity rule, allows the actors to push their demands to the limit in pursuit of maximum benefits. The actors are hardly ever forced to compromise since the option of reaching their goals without adjusting their preferences, that is, unilateral action, is available. The Belgian central state renders compromise-oriented strategies advantageous because conflict behavior leads to a general policy paralysis which is harmful for all actors. Therefore, the Belgian ethnonational actors experience a continuous stimulus to agree, even if, all the elements for a disruptive conflict are in place. In Canada agreements are much more dependent on contingency factors. The Canadian ethnonational actors only agree if their preferences converge or when they are confronted with a single policy paralysis which is negatively valued by both sides.

If the presented hypothesis is correct, it should also hold for counterfactual cases. If Canadian negotiators were to operate under Belgian-like conditions, they should also be able to create the imaginative compromises so frequently found in Belgium. Following the same vein, Belgian elites negotiating in a Canadian-like mix of joint decisions variables should display the same conflict attitudes and a subsequent incapacity to produce mutual agreements. In the following section two such counterfactual cases are presented. The emergence of the Canada Pension Plan occurred under a bargaining constellation, unusual for Canada but similar to those found in Belgium. The Belgian community dialogue constitutes a case where the usual general policy paralysis was not present, and where the negotiators found themselves in a Canadian-like bargaining situation.

#### **V. The Canadian counterfactual case : The Canada Pension Plan (CPP) 1964**

During his election campaign in 1963 the federal Prime Minister Pearson promised the creation of a contributory pension plan on Canada-wide basis (Canada Pension Plan, CPP). Simultaneously the provincial government lead by Jean Lesage was exponentially expanding its civil service and policy-making activity in the most diverse fields of social activity. Quebec was extensively investing in provincial welfare provisions amongst which was a blueprint for a generous provincial pension plan.

Pearson and Lesage were both dedicated to change the existing social provisions for the elderly. Especially, Pearson won the federal election on a platform promising the organisation of a non-funded pension plan within the sixty first days of his government. Lesage made less clear promises concerning pensions, but his cabinet had been preparing their own pension plan in the months precedeing Pearson's election.

Although the federal as well as the provincial government wanted a pension plan, they had divergent opinions about what such a new plan should look like. Their preferences were diverging to the point of being mutually exclusive. Ottawa advocated a non-funded nation-wide scheme incorporating pensions over the whole of Canada. The Quebec government had a plan in mind with more generous coverage and larger benefits. Most importantly, Lesage contemplated a funded pension plan which could build up a large fund to help channel Quebec's savings into the highly desired provincial economic development. Allowing Quebec to have its own independent and idiosyncratic scheme, would lead to problems of portability and uniformity, the reasons why Ottawa wanted the nation-wide scheme in the first place. Quebec's main ambition with the pension scheme besides providing income security for elderly, was the creation of a massive reserve fund that should operate as a fund to finance Quebec economic and political development. The existence of such a publicly run reserve fund would make the provincial government less dependent upon anglophone financial institutions for the much wanted financial loans. If the federal government were to organize its nation-wide scheme such a reserve fund would not be under Quebec's provincial control. If Quebec was to have its own idiosyncratic scheme Ottawa had to forsake its blueprint and the advantages of portability and uniformity. Although both sides desired a pension scheme their preferences concerning the nature and scope of the plan were diametrically opposed.

The decision rule in force was fairly exceptional within the Canadian historical context. Both sides were forced to comply with an informal unanimity rule. The eventual use of the unanimity rule was more due to a particular constellation of political circumstances than to formal obligation.

The field of pensions is a concurrent (shared) jurisdiction with provincial primacy, which is specified in the constitution. Despite this constitutional provision, the federal government could have acted independently, without provincial participation, by extending the old age security system that fell within federal jurisdiction. Such a federal unilateral action would however been detrimental to the scope and coverage of the pension regime not to mention the political difficulties of such harsh action. The federal government needed Quebec's consent to a pension plan because of the constitutional provisions, which could only be avoided at the expense of the quality of the pension scheme. More important was that the federal government insisted on the inclusion of old age supplementary benefits in the CPP. To install such a regulation on a durable basis, constitutional amendment was required. Constitutional amendment implied Quebec's agreement.

Where Ottawa was bound by a circumventable formal requirement not to act without provincial consent, the Quebec government could theoretically have acted independently without Ottawa's agreement. However, political reality foreclosed the unilateral route. First, Lesage's political message, being an ex-federal member of cabinet, was that Quebec's situation could be improved within the Canadian federation. He intended to prove the nationalist opposition that, given the

necessary common sense and political ability, a beneficial deal with Ottawa was possible. Second, a problem of a more technical nature would have rendered an independent Quebec pension plan difficult. Pension contributions being a payroll-tax might have caused discrepancies between the cost of labor in Quebec and the rest of Canada. It remained unclear what the precise effects of such differences would be. The uncertainty was a factor moderating any unilateral intentions of the Quebec government. Third, also the substantial degree of corporate (the private insurance and business lobbies) discontent with a pension plan contributed to Quebec's reluctance 'to go it alone'. The Quebec provincial government was uncertain if it could take on the private sector protest on its own, without Ottawa being engaged in a similar activity.

A combination of constitutional provisions and political calculations brought the two sides to accept joint decision-making as the best and only means to resolve their differences. Unilateral action would be very costly to both sides and would probably not lead to the goals set out by the respective governments. Once joint decision-making was accepted, the application of the **unanimity rule** was a logical extension to the first choice. Since independent action was foreclosed a failure of the negotiations was likely to lead to a suspension of the pension plans on both the federal and the provincial side. Both parties were dependent upon each other to carry through a pension scheme. Lack of agreement rendered the realisation of pensions difficult if not impossible. The default conditions could be summarised as a **single policy paralysis**. Non-agreement would not have led to a general policy paralysis. Both the federal and provincial governments could resume their activities in other policy fields despite the tensions arising from the lack of consensus on pensions. Despite the fact that a jointly reached agreement seemed indispensable to achieve pensions, the **preferences** of Ottawa and Quebec were extremely polarised and perceived to be **mutually exclusive**. If Quebec was to realize its preferences Ottawa had to forsake its own and vice versa. The initial formulation of the preferences had a large potential for open and disrupting conflict.

The pension plan dispute took place under a constellation of unanimity rule, a possible single policy paralysis negatively valued by both parties and mutually exclusive preferences. Notwithstanding, the contradictory preferences the tensions resulted in a **full agreement**. After a series of federal-provincial meetings in 1964, it was agreed that the federal plan would be modified to be consistent with the plan proposed by Quebec, and that the latter would be operated independently by the Quebec provincial government. In return, the Lesage administration made important adjustments to the Quebec plan corresponding to the federal proposals, and also agreed to the constitutional amendment that was required if the federal plan was to include the politically attractive supplementary benefits in its proposal.

After the initial polarisation the federal and provincial governments both adjusted their intransigent and antagonistic strategies. Both governments displayed a creative and problem-solving attitude concerning the pension issue. Ottawa and

Quebec strived for a general compromise including many reciprocal concessions but allowing all participants to benefit. Throughout the bargaining process the main actors gradually reinterpreted the zero sum qualities of their preferences and initiated a non-conflictual search to accomplish their joint benefit. In spite of the heightened tensions, political observers stated that the pension issue was the first instance in Canadian history that raised a general feeling that the country might actually split over the conflict<sup>4</sup>, a final accommodative package deal was reached.

The eventual agreement is all the more surprising considering that during the whole post-1964 period pensions and social policy in general, have continuously been a source of federal-provincial litigation and conflict which never again lead to a comprehensive federal-provincial agreement or compromise. The reasons for the success of the 1964 CPP agreement seem to lie in the fact that both sides had to take each other preferences into account (unanimity rule) if they wished to avoid the negatively valued default conditions (single policy paralysis). In the conflicts on social policy following the CPP agreement two elements, namely, unanimity rule or a negatively valued single policy paralysis were no longer present.

#### **VI. The Belgian counterfactual case : The Community Dialogue and preceding negotiations**

The central case under scrutiny here is the community dialogue which took place from november 1976 until March 1977. The community dialogue provides a counterfactual setting because it is one of the rare Belgian cases where institutional reform was negotiated without a general policy paralysis as default option. The absence of a general policy paralysis was, however, not continuous. Towards the end of the community talks, when the talks were linked to government survival, a dawning general policy paralysis returned. Changing default conditions during one negotiation round enable us to determine the effect of the default option on bargaining behavior and policy performance.

The community dialogue cannot be fully understood without reference to the negotiations that preceded it. The preceding Steenokkerzeel and Lambermont negotiations provided the groundwork and context for the community dialogue. During the three negotiations (Steenokkerzeel, Lambermont and the Community Dialogue) similar issues were negotiated. Throughout the negotiations the role and composition of the future Brussels region proved to be the main stumbling block. Although, the 1970 constitution stipulated the existence of a Brussels region, Flemish nationalists could only accept the effective formation of a third region, if the Brussels region was : (1) subordinate to the Flemish and Walloon region (2) confined to nineteen municipalities and (3) with substantial protective measures for the Flemish minority in Brussels. The Francophone demands were in direct contradiction with the Flemish views on Brussels. Francophones advocated a co-

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<sup>4</sup> SIMEON, R., *Federal-provincial diplomacy. The making of recent policy in Canada*, Toronto, University of Toronto Press, 1972; KENT, T., *A public purpose. An experience of liberal opposition and Canadian government*, Kingston and Montreal, McGill-Queen's University Press, 1988.

ordinate Brussels regional government with equal powers in which the Flemish political representation would reflect the demographic composition of the area (about 5:1 Francophone to Flemish). Francophones insisted that the jurisdiction of the Brussels government should not be confined to nineteen municipalities but should be extended to those areas around Brussels with substantial Francophone populations (the so-called "facility municipalities" or Flemish local governments with bilingual statute).

Another division opposed regionalist to unitarists. Although there was a consensus amongst the negotiators that some kind of regional structure should be set up, differences existed as to how far the regionalisation should stretch. Unitarists were to be found in the traditional parties in Flanders as well as in Wallonia. Where the division between unitarists and regionalists was a matter of degree, the differences over Brussels amounted to a disagreement over principles. The Flemish preferences were in direct contradiction with the Francophone demands and vice versa. Certainly concerning Brussels and related issues the **preference structure** during the three separate negotiations rounds could be characterised as **mutually exclusive**.

During the three negotiations the simultaneous presence of two different decision rules (unanimity and majority) can be discerned. Which decision rule prevailed depended on the goals set out for the negotiations. A government or potential coalition seeking regionalisation needed to cover a two-thirds majority *and* a majority in each language group of parliament. These stringent voting requirements implied that all parties present at the bargaining table needed to agree in order to muster the necessary votes in parliament. In other words, coalition talks with the primary goal to regionalise imposed the unanimity rule or the rule of all-in or none-in at the bargaining table. The decision rule would be different in case of a coalition government without comprehensive regionalisation plans. Such a coalition would suffice with a simple majority in parliament. In this case, the agreement of some but not all parties over a common governmental program was required. In sum, as long as regionalisation appeared to be the primary objective of the negotiators the **unanimity rule** remained firmly in force. Whenever the quest for a viable coalition government gained prominence over the desire to create regional institutions, the agreement of parties covering a **simple majority** in parliament sufficed.

Both during the Steenokkerzeel and Lambermont negotiations the regionalisation issue was tackled in the framework of a coalition and government formation process. A failure to agree on a common governmental platform, which included a comprehensive regionalisation, entailed the confrontation with a harmful default condition that appeared to be a **general policy paralysis**. At Steenokkerzeel, where Tindemans tried to create a government coalition, failure to reach an agreement implied the continued absence of government and a prolonged policy vacuum. During the Lambermont talks the minority government, lead by Tindemans, sought to achieve a parliamentary majority by having the language parties (VU,

RW and FDF) agree on a common regionalisation plan. Failure to do so implied, yet again, the prospect of an untenable minority government that sooner rather than later would have to face a generalised governmental paralysis. The community dialogue was a different case, as was mentioned before, it covered two default options. It started with a **single policy paralysis** and developed into a negotiation with a general default condition.

The effects of the decision rules, preferences and default options in the three cases, on the bargaining behavior and outcomes will be briefly discussed in the following sections.

### **VII. The Steenokkerzeel negotiations (19 april – 20 april 1974)**

After the parliamentary elections of 10 march 1974, the Flemish christian-democrat politician Leo Tindemans invited the Rassemblement Wallon (RW), the Front Democratique des Francophones (FDF) and the Flemish Volksunie (VU) to negotiate a coalition agreement with the Flemish and Francophone christian-democrats (resp. CVP and PSC) and liberals (resp. PVV and PLP). The government formation talks were to take place at the castle of Steenokkerzeel and would seek to further the regionalisation process and settle the issue of Brussels in a regionalised state structure.

The negotiations started in the morning of 19<sup>th</sup> april 1974 and continued uninterrupted in total secrecy until the next morning. All written and oral accounts of participants emphasize the positive atmosphere and problem-solving attitude that pervaded the negotiations. A search for common ground between the opposing views developed throughout the talks. Negotiators who remained reluctant when an embryonic consensus seemed to emerge, were urged to compromise. Compensations and exchanges were sought to accommodate those who felt that their concessions were too heavy a burden. If no satisfactory compensations could be found and no compromise resulted, suggestions were made to postpone the decision on the apparently insurmountable difference of opinion. In this manner the negotiators worked their way through most of the items on the regionalisation agenda. Eventually, towards the next morning, when most issues had already been settled, the negotiators broached the problem of Brussels. Brussels had in the course of the negotiations been established as a distinctive region with a specific institutional set up (*cf.* composition of council and executive). What remained to be decided was the territorial delimitation of the Brussels region. The statements of the bargaining positions were followed by numerous imaginative proposals and counterproposals whereby all sides displayed a willingness to have the delimitation of the Brussels region settled in a consensual way. In spite of the reciprocal efforts it proved to be impossible to devise a satisfactory deal on Brussels. After twenty-three hours of quasi non-stop negotiations, The negotiators left Steenokkerzeel tired and disappointed but with the sense that they had been an inch away from a comprehensive success.

Even if the near miss outcome was more than the negotiators had initially expected, it resulted nevertheless in the same drastic default option, namely, a continued general policy paralysis. Therefore, Tindemans made a final attempt to circumvent that harmful default condition. He approached all the regionalist parties (FDF-RW, VU) with a proposal to continue the negotiations in the near future if these parties were willing to indulge a christian-democrat/liberal minority cabinet. The regionalist parties tacitly supported the minority cabinet by abstention in the parliamentary voting procedure. The final outcome of the Steenokkerzeel negotiations was a **conditional agreement-to-disagree**. All participants acknowledged their fundamental differences but agreed to temporarily set aside their disagreements in order to allow for a government to be constituted, under the condition that the talks be resumed in the near future.

#### VIII. The Lambermont negotiations (31 May – 1 June 1974)

The promise of renewed negotiations on regionalisation lead the regionalist parties to indulge the minority cabinet headed by Tindemans for some time. Following-up on his promise to the language parties and his desire to secure not merely a government but also a corresponding parliamentary majority, Prime Minister Tindemans organised negotiations at the official residence of the Prime Minister (Lambermont house) in the evening of the 31th of May until the next morning (1 June 1974).

The organisation of the Brussels region was again the main agenda item. A failure to secure an agreement during these talks would again jeopardize the survival chance of the minority government. Both the preferences and default conditions appeared to be similar to those in force during the Steenokkerzeel talks. While the preferences and default conditions remained stable, a different decision rule came to the fore during the Lambermont talks. It was argued before that the choice of decision rule depended largely on the aims and goals of the negotiations. A full-fledged regionalisation required unanimity at the bargaining table. The formation of a government supported by a parliamentary majority necessitated the agreement of some but not all the parties involved in the talks. At Steenokkerzeel government formation and regional reform were tightly connected. At Lambermont Prime Minister Tindemans indicated that a final attempt would be made to conclude a unanimous agreement on regionalisation, failing this, the achievement of a governmental majority and the majority rule would take priority. In other words, without agreement over Brussels, Tindemans would seek a regional party willing to enter the minority government on basis of a coalition agreement that fell short of a comprehensive regionalisation.

After an all night bargaining session the negotiators reached a comprehensive agreement on regionalisation. The borders of the Brussels region would not be changed but French-speaking inhabitants of the Brussels periphery would be



granted inscription rights<sup>5</sup>. This formula was accepted by all parties, only the FDF hesitated and wanted to verify whether its party council agreed to the proposed deal. The negotiators reconvened three days later, only to find that the FDF negotiators had not secured the support of their party council.

When the negotiations appeared to fail, Prime Minister Tindemans shifted the aim of the talks from regionalisation to the creation of a governmental majority. The Prime Minister invited the RW to enter the coalition without regionalisation. However, the RW entrance, could only be legitimized with at least the prospect of some progress on regionalisation. The Prime Minister then accepted a preparatory regionalisation<sup>6</sup> that secured the RW support, and thus, a parliamentary majority

Mutually exclusive preferences, a general policy paralysis and a unanimity rule substitutable by majority rule characterized the Lambermont negotiations. In spite of creative bargaining and the emergence of a genuine compromise, full agreement did eventually not ensue. In order, to avoid a dawning policy paralysis, Prime Minister Tindemans altered the decision rule and negotiated a **partial agreement** (preparatory regionalisation) with one single party (RW), thereby discarding the other parties (FDF and VU) whose agreement was no longer essential under majority rule.

#### **IX. The community dialogue (18 November 1976 – 3 March 1977)**

The RW had agreed to enter the Tindemans government in exchange for a preparatory regionalisation that created provisional regional institutions. However, the RW did not limit its regionalist ambitions in the cabinet to the preparatory phase, but indicated that it would stimulate renewed negotiations from the government benches with the ultimate aim to create genuine regional institutions. In spite of the RW intentions, the coalition government actually made little progress on regionalisation in the following two years. Once the law on a preparatory regionalisation had been voted (August 1974) very few new initiatives followed. By 1976, the lack of progress had caused such nervousity and irritation within the RW, that Prime Minister Tindemans decided to organize a new round of negotiations. This time, the format of the talks would be an all-party negotiation

<sup>5</sup> The inscription rights implied that French-speaking inhabitants in the Brussels' periphery could enlist as fictive inhabitants of Brussels. As fictive inhabitants of Brussels they would be entitled to use Francophone administrative, social, fiscal and judiciary services of the bilingual municipalities in Brussels.

<sup>6</sup> In order to get the RW aboard, the Prime Minister and the RW agreed to a provisional and preparatory regionalisation. In the absence of a 2/3 majority the RW had agreed to the creation of regional executives and councils (in accordance with the Steenokkerzeel agreements) with a mere advisory capacity. Since, these regional executives and councils could not issue binding decisions, but mere advises to the national government, their creation did not require a 2/3 majority but could be installed with a simple majority. The provisional and preparatory regionalisation was a far stretch away from the initial ambitions of the regionalist parties (and the RW). Moreover, the issue of the Brussels Region remained undecided in the preparatory phase.

in parliament. The negotiations were coined as the community dialogue and lasted for more than three months.

The preference structure and the decision rules during the community dialogue were not significantly different from those present at Steenokkerzeel and Lambermont. The institutional design, powers and borders of the Brussels region were still the key issues that divided Flemish and Francophone negotiators. Genuine regionalisation could not be achieved without special majorities that de facto implied the need for a unanimous agreement between the largest parties.

The talks started on 30 november 1976 and came to a premature end on 3 march 1977, after Prime Minister Tindemans had discharged the RW ministers. of the community dialogue not less than 21 meetings had been organised. There were 17 plenary sessions, 2 separate community meetings and 2 restricted meetings with delegation leaders and the presidents of the dialogue. In spite of the large number of meetings the dialogue did not lead to the comprehensive agreement it was expected to produce. Above all the community dialogue showed a large amount of discord between the linguistic communities as well as between the political parties within each language community. The developments throughout the community dialogue will be discussed in two separate phases<sup>7</sup>.

#### **X. The community dialogue and a single policy paralysis (30 November 1976 – 22 February 1977)**

The talks took place in parliament and included opposition as well as coalition parties. The consequences of non-agreement did initially not entail the absence of government. Failure to agree on regionalisation and constitutional amendment could lead to a **single policy paralysis**, but would not amount to the usual general policy paralysis. Disagreement between the participants implied that there would be no immediate progress on the single issue of regionalisation. The community dialogue was organised when the government was in session and Prime Minister Tindemans took great pains to stress that success or failure of the negotiations was not to be linked to the fortunes of his government. He emphasised that the dialogue was a party and not a governmental initiative. The government would limit its role to that of a facilitator, excluding any responsibility or consequence for the governmental coalition<sup>8</sup>.

The bargaining constellation constituted by diverging preferences, unanimity rule and single policy default did not lead to any bargaining. After seventeen meetings the conclusion of a comprehensive agreement appeared to be further away than

<sup>7</sup> Most of the empirical material used for the analysis of the community dialogue is based on two issues of the *Courrier Hebdomadaire du CRISP* no. 767 and 772. The unspecified authors of these two issues have reconstructed a detailed and daily account of the community dialogue.

<sup>8</sup> TODTS, H., *Hoop en wanhoop der Vlaamsgezinden – V. Onomkeerbaar en voorlopig*, Leuven, Davidsfonds, 1982, blz. 98. CEULEERS, J., *De regering Tindemans, de partijen en het overleg onder de gemeenschappen*, *Res Publica*, vol. 20, 1978, blz. 174.

ever before. Issues which had caused little difficulty in the past (finances, senate, regional powers), became matters of contention. At no time throughout the discussions did an interaction based on give-and-take, reciprocal concessions or problem reformulation, typical of bargaining processes, occur. The parties never reached the stage of effective bargaining, instead, the participants endlessly reiterated their starting positions as they had been formulated in the different party programs. The participants themselves acknowledged and deplored that the talks were going nowhere. Nevertheless they could not be brought to set aside their individual preferences and to fully support those rare efforts to put the talks on track (*cf.* notes of co-presidents Nothomb and De Keersmaecker)<sup>9</sup>. The virtual absence of even a small progress is surprising since governmental as well as opposition parties had incessantly called for talks throughout most of the year (1976). The bargaining agenda did not differ significantly from the issues tackled during the Steenokkerzeel and Lambermont negotiations. Nevertheless, the results of the community dialogue came nowhere near to the 'near miss' outcome of the previous negotiations. What appeared possible in twenty-three hours at Steenokkerzeel proved impossible during the seventeen meetings of the community dialogue.

#### **XI. The community dialogue and a general policy paralysis (1 March – 3 March 1977)**

The last four meetings of the community dialogue, at the beginning of March 1977, developed in a changed joint decision-making environment. On the 28<sup>th</sup> of February the chairman of the RW, P-H Gendebien, issued an ultimatum to the government and the members of the community dialogue. Gendebien threatened to withdraw his party from the government coalition if an agreement on regionalisation failed to materialize before 5 March 1977.

Gendebien's ultimatum directly linked the results of the dialogue to the survival of the government coalition. Unlike during the previous phase, continued disagreement would now entail the withdrawal of the RW and the subsequent collapse of the government coalition. In other words, the default condition shifted from a single policy paralysis to a **general policy paralysis**.

After the RW ultimatum, there were four more meetings in the framework of the community dialogue. The morning and afternoon sessions of 1 March began with the parties accusing each other of stalling the talks. Most parties rejected the RW deadline as an unacceptable manoeuvre that jeopardized the talks. They refused to be bullied into an agreement.

In spite of these angry reactions, the negotiations were suddenly geared into action, after three months of muddling through. The negotiators decided to single

<sup>9</sup> *Courrier Hebdomadaire du CRISP, Du dialogue de l'hiver 1976-1977 au pacte communautaire de mai 1977 (II)*, C.H. 772, 9 september 1977, blz. 3-15.

out the issues that appeared to be supported by a substantial majority. Following the identification of near consensus items, reciprocal concessions would be used to get the recalcitrant parties on both sides to adhere to the consensus. In order to proceed more rapidly all agreed to a higher frequency of dialogue meetings for the following days.

The next day, all agree on a lists of national and regional powers. A common denominator strategy is applied to formulate a general scheme for agreement that seemed to carry the support of all the negotiators.

On the 3rd of March, the refusal of RW members in the House of Representatives to vote the budget of economic affairs, spurred the unusual reaction of the Prime Minister to demand, during the plenary session, that the RW ministers immediately resigned from the government. In view of the events in parliament, the delegation leaders of the community dialogue interrupted their meeting and did not reconvene. The governmental crisis and the prospect of parliamentary elections brought a premature end to the community dialogue.

The table below summarizes the joint decision constellations and the actions and outcomes they have lead to during the three negotiation rounds. The Belgian cases show that default conditions do matter. The presence of a potential general policy paralysis has two important consequences. First, actors will bargain and seek to overcome their differences. When the general default option disappears, the compromise-oriented strategies also vanish (*cf.* first phase community dialogue).

Tabel 1 : Overview Belgian cases

Issue	Preferences	Decision rule	Default condition	Action	Outcome
<b>Steenokkerzeel</b>					
	diverging	Unanimity	general policy paralysis	bargaining	Conditional agreement-to-disagree
<b>Lambermont</b>					
Phase 1	divergent	Unanimity	general policy paralysis	bargaining	near miss
Phase 2	divergent	<b>Majority</b>	general policy paralysis	bargaining	Partial agreement
<b>Community dialogue</b>					
Phase 1	divergent	Qualified majority	<b>single policy paralysis</b>	no bargaining	No agreement
Phase 2	divergent	qualified majority	general policy paralysis	bargaining	External interruption

When a general policy paralysis re-emerges, bargaining activities recommence (*cf.* second phase community dialogue). Second, a general default is in no way a guarantee for an agreement. It does however pressure negotiators to seek agreement. When agreement appears impossible, the negotiators go to considerable lengths to avoid the negative consequences of the default. They create partial agreements and conditional agreements-to-disagree (*cf.* Lambermont and Steenokkerzeel).

## **XII. Conclusion**

The fundamental argument of the present paper is that the dissimilar capacity of ethnonational groups in Canada and Belgium to reach agreements is not due to certain cultural features of the ethnonations. Under similar decision-making conditions Canadians and Belgians displayed similar behavioral patterns. Nor is it due to the presence of particularly intractable preference structures endowed with profound zero sum qualities. Belgians managed to agree in the most severe conflicts with very incompatible preferences whereas they failed to settle their compatible differences when default conditions changed (see Community dialogue). The CPP agreement clearly proved the ability of Quebecois and anglophones to bridge very divergent preferences if a specific combination of a negatively valued single policy paralysis and unanimity rule is in force.

The leveled nature of the Canadian federation clearly made a difference. The presence of different policy levels provided opportunities for unilateral action and influenced the actor's commitment to joint decision-making. The actors were weakly committed to joint decisions because the default condition hardly sanctioned the participants. Non-agreement opened the way to unilateral decisions or created a single policy paralysis. Both outcomes did not suffice to bring about a compromise (except for the CPP where all valued a single policy paralysis as harmful).

Belgian community conflicts were settled under a different institutional constellation. Unilateralism was never an option. Joint decision-making in the national government was the rule. Within the national government decisions needed to be taken by unanimity, failure to do so involved a general policy paralysis. That default condition proved to be an impressive stimulus to conclude agreements at all cost. The necessity to conclude agreements, is evidenced by the peculiar nature of many Belgian compromises. Agreements-to-disagree and the renowned waffle-iron politics, are but some of the examples that indicate a primordial need to avoid the painful default condition. In the case where such a general policy paralysis was not around the corner (first phase community dialogue), the constructive bargaining attitudes vanished quickly and the actors turned into intransigent negotiators. Once the default condition returned (second phase, dialogue), the quest for compromise geared into action again.

**Summary : Leveled domestic politics. Comparing institutional reform and ethnonational conflicts in Canada and Belgium (1960-1989)**

*The article analyses ethnonational conflicts in Belgium and Canada during the period 1960-1989. Using the most similar case design, it is argued that the different policy performances in Belgium and Canada can be accounted for by the institutional context in which the conflicts occurred. The institutional setup in Canada and Belgium created different modes of joint decision making. Through an analysis of three joint decision variables, namely, decision rules, preferences and default conditions, two empirical cases are scrutinized. The Canadian Pension Plan in Canada and the institutional reform efforts in Belgium (1974-1977) highlight the importance of institutional default conditions. On the basis of these empirical cases it is argued that the different conditions of joint decision making in the two states lead to a continuous production of compromises in Belgium and a genuine absence of mutual agreement in Canada.*