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Ophelia Ongena (UGent, Department of History)

Dia 1

“The history of Flanders Social and Economic Council (FSEC-SERV) and of the social economic dialogue in Flanders”

Dia 2. “Presentation Setting”

25 years ago Christmas was announced by a real shooting star: In the autumn of 1985 the way of comet Halley crossed, after 76 years, the airspace of planet earth again. A unique event for everyone who was bitten by astronomy. Yet, the autumn and winter months of 1985 were not only for astronomers a memorable time. Also for the Flemish social economic world it were high days. In September 1985 ‘Flanders Social and Economic Council’ (FSEC) was founded. In Dutch: the ‘Sociaal-Economische Raad van Vlaanderen’ or SERV.

So, in 2010 the FSEC exists for 25 years, the ultimate occasion for reflection on the position of this regional consultative and advisory body within a federalised Belgium anno 2010.

This presentation is based on three years of study about this institution. In 2006 the FSEC asked the history department of Ghent University to write its history. In September 2010 the FSEC will illuminate its 25th anniversary celebration with a book about the history of this institution, but also about the history of social economic dialogue in Flanders more in general. Today I will present some ‘prepublication’ results...

Dia 3. “Study Setting (1)”

The FSEC organises social economic dialogue in Flanders. Bilateral consultation between the social interlocutors (which are the trade unions and the employer organizations), but also consultation between the social interlocutors on the one side and the Flemish government on the other side.

Besides its consultative function, the SERV is also an advisory board for all social economic themes within the competences of the Flemish government. An advice of the FSEC is obliged with every proposition or bill of decree, but is not legally binding. Although, because the FSEC aims for consensus in his advise, it is not easy for politicians to ignore such a strong signal from the social partners. So, the FSEC plays a very important role in the process of decision making on the Flemish political level.

Dia 4. “Study Setting (2)”

Nonetheless collective bargaining in Belgium is often exclusively linked to the actors, themes and institutions of the federal consultation level. That gives the impression that the process of political and institutional regionalisation, so specific for contemporary Belgian history, has’nt influenced the development of social economic dialogue. Despite off the fact that until today social dialogue between the social partners in Belgium is organised mainly federal, the regional level of consultation can not be underestimated. It is a level under construction, influenced by succeeding waves of regionalisation and state reform, but nevertheless with a specific position already in the field of Belgian social economic dialogue.

The research question of the study was the following one:

To what extent the institutionalisation of social economic dialogue in Belgium is influenced by the process of political and institutional regionalisation? A process that is so specific for Belgium.

The history of regional social economic dialogue is a multidimensional story. A story that, until now, isn't written at all in Belgian social economic historiography. Even within the social sciences in general it's a real blind spot.

The foundation, the activities and the specific identity of one institution in particular, the Flemish Social and Economic Council, is focused on. This is a history of an institution, but imbedded in the complex political, social and economic context from the fifties of the 20th century (when the first ancestor of the FSEC was founded) until present time. So, despite of the fact that this study was ordered and financed by the FSEC, it goes far beyond a teleological and purely institutional history...

Dia 5. "Beyond a teleological institutional history..."

September the 27th, 1985...last Friday of the month, but it wasn't at all chilly autumn weather, no, it promised to be a luminous Indian summer day. That afternoon the FSEC was officially installed at the university of Antwerp. Important personalities from the political and social economic world were united to celebrate the installation of this new regional consultative organism.

During an hour and a half eminent speakers presented 'the history of the ancestors of the FSEC' in a nutshell. A linear story, that ended with the FSEC as the ultimate ending point, the final destination of a process of Flemish social economic emancipation.

The history of the FSEC is of course not so linear as was presented that day. Lots of years of increasing awareness preceded the foundation of the FSEC in 1985. Not at least influenced by a specific political and economic context. Regional dialogue isn't just an element in a covering Flemish struggle for emancipation.

Although the foundation of the FSEC can be explained as an element in the development of a Flemish social economic ideology, consultation practice had reached in the mid 80s one of the lowest points in history. Neoliberalism seeped through in an until then Keynesian orientated policy. When we consider the foundation of the FSEC, in such a period of crisis for social economic dialogue in Belgium, as 'evident', as the result of a 'natural process', we ignore the complex historical context. Without the wider context the foundation of the FSEC in 1985 seem to be a sort of a paradox.

To reconstruct the history of Flemish social economic dialogue, a wider view on the institutional context is indispensable. Not only the political institutional regionalisation played an important role in the evolution of the FSEC. Trigger in the origin and development of regional collective bargaining was the process of regional economic awareness. In Flanders, as well as in Wallonia from the 1920's of the 20th century on, national economic thinking made place for regional economic thoughts.

Dia 6. 'Main structure of the book'

The crucial role of this regional economic awareness explains the main structure of the book. The story of the FSEC as an institution is integrated in two covering chapters or parts. A first chapter describes the role of the FSEC in the development and growth of a Flemish economic region. A second one describes

the role of the FSEC in the development and growth of a Flemish social dialogue. It's rather unnatural to separate the economic story from the social one, because economic and social aspects in society, ideology and political decision making are indissolubly bound together, but nevertheless I have chosen to describe the economic and the social part of the story in two separate chapters. The specific role of the FSEC and his ancestors in the creation of a Flemish economic region needed to be studied apart from his role in the creation of a Flemish social dialogue.

But writing is making choices...even if it feels rather unnatural, a book needs a structure.

Dia 7. 'Main structure of Belgium'

Now we've seen the main structure of the book, but I think it's even so important (not at least for foreigners) to understand the main structure of Belgium. I'm not going to explain the details of Belgium state structure (that's a master curriculum on itself). I'm just going to give you an image of the three parts of which Belgium is constituted.

In the 1960's the first steps in the process of state reform were taken. Until then Belgium was a unitary state, but in 1963 the language border was defined. From then on Belgium was composed of a Dutch speaking part in the north (Flanders), a French speaking part in the south (Wallonia) and a bilingual speaking part in the middle (Brussels). State reform wasn't embedded in the constitution until 1970, so until then Belgium remained officially a unitary state, but from 1963 on (with that language border) an irreversible process was instigated. The study and the book I'm speaking of now is dedicated to the northern part of Belgium, the Dutch speaking Flanders (where we are today, here in Ghent).

Dia 8. Part 1 “The SERV in the development and growth of a Flemish economic region” (1)

The Belgian state was created in 1830, in a period of industrial evolution and renewal, when Smithian economic ideology was spreading. But the Smithian construction was cracking: the employers movement pursued political integration and the Keynesian policy paradigm spread slowly during the economic crisis of the 30s.

Dia 9. Part 1 “The SERV in the development and growth of a Flemish economic region” (2)

Beside this evolution towards state intervention, the industrial revolutions had instigated a process of regional economic diversification. Since the 19th century the economic centre of gravity in Belgium lay in the traditional heavy industry in Wallonia. Flanders was in the 19th century dominated by the textile industry (with Ghent as the main centre), and with since the second industrial revolution growing industrial activities in the Port of Antwerp. During the Interwar period the new wave of industrialisation gained a foothold in Flanders through early initiatives in oil refining, car construction en in the chemical industry. Its this wave of industrialisation that would reach its highest point in the 1950's and 1960's.

At the same time an economic recession affected Wallonia. A Flemish economic space took form: infrastructural, conceptual (with the development of a Flemish economic science at the universities of Leuven and Ghent), financial (with the development of a Flemish financial sector), as well as through the development of a Flemish elite and supported by an economic pressure group, founded in 1926, the Flemish Economic Union (in Dutch: het Vlaams Economisch Verbond, VEV).

Dia 10. Part 1 “The SERV in the development and growth of a Flemish economic region” (3)

The Flemish economy grew, mainly due to foreign investments and the settlement of multinationals, but also supported by a widely spread network of small and middle sized enterprises and concerns. In Wallonia the 1950's and 1960's were marked by economic recession. The heavy Walloon industry, focussed on coalmining and steel was dying.

In the French speaking part of the socialist trade union, leaded by André Renard, the idea of economic federalism took form. The renardists were convinced that the unitary state supported only the Flemish economic growth. The idea of economic federalism isn't put into practise before the first state reform of 1970, but it illustrates the communautarion tension which will mark Belgian politics until now.

The economic crisis of the 1970's put a hold on the booming growth of Flemish economy, but the Flemish economic domination wasn't questioned until now. Recently the Flemish economy received some hard knocks due to the crisis in the car construction sector (do we think at Renault, Volkswagen and more recently Opel). This car construction sector played a major role in the growth of Flemish economy from the 1960's onwards.

Dia 11. Regional economic diversification illustrated by the Regional Gross Domestic Product (GDP)

The evolution of the regional economic diversification in Belgium is illustrated by a study of the Centre for Economic Studies at the University of Leuven, from

which we show four maps with the division of the Regional Gross Domestic Product (GDP) in Belgium.

The first map (at the top, on the left) is situated in 1896. It confirms the clear-cut divide between a ‘poor’ Flanders and a ‘prosperous’ Wallonia. All four Dutch speaking provinces in the north showed a GDP below the Belgian average. The economic centre of gravity lay undoubtedly in the Walloon manufacturing belt (the orange and red coloured provinces).

When we look at the evolution in 1947 over 1970 until 2000 a clear shift from the south to the north is visible. In 2000 Wallonia’s steel industry was radically downsized, while the economic centre of gravity moved to the north (especially the environment of Antwerp and Brussels).

This shift in Belgian economy between the end of the 19th century and today is very important to understand the construction and evolution of a regional institution like Flanders Social and Economic Council.

Dia 12. Part 1 “The SERV in the development and growth of a Flemish economic region” (4)

We have seen the development of a regional economic awareness, as well in Flanders as in Wallonia, but shortly after World War II regional economic thought got stuck in a conceptual academic discourse. Conversion to policy practice wasn’t so easy. And here the social partners, organised within the ancestors of the FSEC, played a crucial role.

Dia 13. Part 1 “The SERV in the development and growth of a Flemish economic region” (5)

Since his foundation in 1926 the first Flemish economic pressure group, the Flemish Economic Union, evolved to a group of Flemish employers, but in 1952 trade unions also were implicated in an economic pressure group, the Flemish Economic Council (FEC) (in Dutch: de Economische Raad voor Vlaanderen, de ERV). This was the first predecessor or ancestor of the FSEC. This Flemish Economic Council was a private initiative, supported by prominent personalities from social organisations of every ideological tendency. The FEC promoted the concept of regional economic expansion in political circles.

And with success, because finally, in 1959 the government enacted a regional economic expansion law, which confirmed the until then informal regional economic spaces and which gave a strong impulse to regional economic dialogue.

The regional expansion policy had to keep balance between two sorts of regions: regions in need of ‘reconversion’ due to economic recession (mainly in Wallonia, with the problems in the coal mine sector). And regions with much economic potential, which needed ‘investment’ (they lay mainly in Flanders, where mass unemployment offered a great potential of labour force for new industry).

In Flanders the national government created opportunities for multinationals to settle. The combination of regionalism and internationalism, due to the investment policy in the 1960’s, is until today an essential characteristic of the Flemish economy. Consequently, the government exercise in keeping balance between reconversion and investment was at the same time a difficult communitarian exercise.

So, at the end of the 1950's the regional approach was integrated in the economic policy, but in 1970 the first state reform created also an institutional frame for economic decentralisation (with the installation of a whole network of regional orientated institutions) . The FEC was now officially recognized as the Regional Economic Council for Flanders (RECF) (in Dutch: de Gewestelijke Economische Raad voor Vlaanderen, GERV). Also in Wallonia and Brussels a regional economic council was installed. The Regional Economic Council for Flanders became an advisory board for all Flemish economic themes. Until than advice was given to the national government, but federalisation took form on political institutional level also.

Dia 14. Part 1 “The SERV in the development and growth of a Flemish economic region” (6)

In the course of the 1980's (with the second and third state reform) regional governments and parliaments were installed and important economic and social competences were transferred to the regions. In the spirit of the post-war Welfare State these new political levels asked for a proper social economic consultation structure, through which the social partners could take position in the process of regional policy making.

However regional consultation was originally pure economic (as an element in the creation of regional economic spaces), after the state reform of the 1980's and the transfer of social power to the regions, Flanders as well as Wallonia chose to fuse social and economic dialogue in one institution, the social economic councils. While on the national level, social and economic dialogue are strictly separated until today.

Due to the state reform most of the economic policy also was transferred to the regions. In the evolution towards a Flemish economic space the actor ‘state’ was now totally different organized. At that time the international crisis weakened the Keynesian policy paradigm and cleared the way for a new ideology, Neoliberalism. Although Neoliberalism plead less state intervention, the brand-new Flemish government continued the expansion policy, though the emphasis moved from ‘reconversion’ to ‘innovation’.

The Flemish government left the traditional sectors such as coal mining and steel production and chose for new technologies (for example bio-technology, micro-electronics), hereby supported by new policy instruments such as the ‘Third Industrial Revolution’-program (DIRV) and a preventive industrial policy to avoid business failure. The FSEC played an important role in this new policy, as well as he fulfilled a legitimate function for the social organisations represented within.

The Flemish economic region had reached a certain maturity and was from the 1980’s on supported by a Flemish political region. But how the Flemish social partners in the FSEC positioned themselves within the process of regionalisation of social(economic) dialogue? This is described in part 2 in the book.

Dia 15. Part 2 “Development and growth of a Flemish social economic dialogue” (1)

The institutionalisation of social economic dialogue in Belgium began after World War II and became one of the pillars of the Welfare state. This impetus towards a system of consultation grafted upon the growing regional economic awareness, which we were talking about in the first part. This resulted in

regional economic dialogue between the social partners, in order to induce a regional economic government policy.

Dia 16. Part 2 “Development and growth of a Flemish social economic dialogue” (2)

The Flemish Economic Council (FEC) developed in a steadily growing regional economic awareness and the Regional Economic Council for Flanders (RECF) took form within a process of economic decentralisation and beginning state reform. So, until then (within the ancestors of the FSEC) Flemish dialogue was pure economic, but like we have seen in part 1, due to the state reforms in 1980 and 1988 important social competences also were transferred to the regions.

So, the FSEC was constructed against the background of a developing Flemish political level, which needed instruments for an own social and economic policy. In this despite of the fact that in the beginning of the 80's Neoliberalism was advancing, resulting in a crisis on the national consultation level. In Flanders the construction of an own consultation structure was priority for politicians as well as for the social partners, more than it was in Wallonia.

Dia 17. Part 2 “Development and growth of a Flemish social economic dialogue” (3)

In the formation of such a Flemish consultation structure, different strategies were followed. National structures and instruments were tried to be copied (for example sectoral dialogue and Flemish collective agreements). This strategy didn't gain the desired result and the ambition of reaching consensus, so specific for the FSEC, reached his limits in the 90's. Mainly because the interests of the

social partners on national and regional level were incompatible, because generally it were the same organisations.

Another strategy was the creation of own instruments, without the national level as example. One of those specific Flemish instruments was the Flemish Economic and Social Consultation Committee (FESCC) (in Dutch: het Vlaams Economisch en Sociaal Overlegcomité, VESOC), where every two year an employment agreement was concluded between the social partners on the one hand and the Flemish government on the other hand. The labour market policy – with the emphasis on education – became a pillar of the Flemish social economic dialogue. Today Flemish consultation pursues, instead of equality, a complementary role towards national consultation.

Dia 18. Part 2 “Development and growth of a Flemish social economic dialogue” (4)

The decree on the FSEC of 1985 was operative until 2008. Influenced by different factors the FSEC underwent several structural changes. Examples of these factors of influence are the installation of a Flemish sectoral consultation level, the first direct elections of the Flemish Parliament in 1995 and shifting emphasis in Flemish social economic policy towards ‘equal chances’, ‘diversity’, ‘mobility’. Over the years the Flemish social partners in the FSEC had to elaborate different strategies in order to keep up within a Flemish policy in evolution.

A first strategy was to build out a strong position in a certain policy domain, what they did in the labour market policy. A second strategy was to highlight social economic aspects of a policy domain, with the intention to arm against external competition from other, more specialised, advisory boards. This

strategy was followed for example in the environment policy. A third strategy was the incorporation of structures and expertise in order to avoid competition from external advisory boards. Thus, the FSEC incorporated for example the Flemish Port Commission. A final strategy is the strong and unique position of the FSEC in the Flemish government budget. The FSEC is obliged to give a budget advice every year. An obligation which is inscribed in the decree on the SERV. Thus, the social partners can weigh on the policy in general, which wasn't evident at all to inscribe in the decree of 1985, in a full Neoliberal context, with a national government clipping the wings of the social partners.

Dia 19. Tentative conclusions

To finish we go back tot the original research question: *To what extent the institutionalisation of social economic dialogue in Belgium is influenced by the process of (political/institutional) regionalisation?*

Yes, it's clear that political and institutional regionalisation (or said otherwise 'State reform') has influenced the formation of a regional (in this case Flemish) consultation structure. Due to the several waves of state reform the Flanders Social Economic Council (FSEC) took form and became the institution it is today.

- 1) Because of the creation of an autonomous Flemish political level proper policy instruments were needed. In Flanders the creation of an own social economic dialogue was priority, as well for the social partners, as for the politicians. Consequently, the creation of the FSEC was also instigated by the political world (even in a Neoliberal context)

- 2) Because of the transfer of social competences in the early 1980's Flemish dialogue became economic as well as social (in contrast with the consultation structures on the national Belgian level)
- 3) And further development of that Flemish state level obliged the FSEC to adopt and to undergo constant self evaluation. It's a never ending construction.

But the reverse is also true. In turn consultation between the social partners has influenced the process of state reform. That consultation was originally pure economic and informal, but has induced economic regionalisation. One of the most important pillars of Belgium state reform, which resulted in the creation of economic regions. The role of the social partners in the conversion of regional economic thought in a real policy can not be underestimated. They were driven by a regional economic awareness with roots at the end of the 19th century.

Dia 20. Future research

Despite of the fact that we have avoided to write an institutional teleological history, the FSEC was the main actor in this story. My future research will widen the focus and will take as a starting point the formation of a Flemish economic region. Until now partial studies, like this one concerning the Flanders Social and Economic Council, focus on one specific region, movement or actor within this region. But it is the interaction between all socio-economic and political levels in Belgium and the comparison with other European (economic) regions, that will give us a the opportunity to exceed any teleological point of view.

I thank you for your attention.