Nationalism, Public Policy, and Institutional Development: Social Security in Belgium[1]

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ABSTRACT

The relationship between nationalism and public policy remains largely unexplored. Focusing on the link between sub-state nationalism and social policy, this article formulates three main arguments. The first is that social policy is likely to factor into processes of identity- and nation-building spearheaded by sub-state nationalism, and that nationalist movements typically trigger pressures for the decentralization of social policy. The second is that recognizing the importance of this connection should not lead to hasty conclusions about the impact of societal and institutional pressures on public policy. Nationalism is not only a societal force; it is also a political construction that reflects broad institutional legacies. The third is that the historical sequence of nationalism and policy development may create institutional forces preventing the congruence between policies and ethno-linguistic boundaries, in spite of pressures emanating from nationalist movements. The analysis of Social Security politics in contemporary Belgium provides ground to these claims.

Nationalism is a phenomenon that has been connected to various institutions and conditions from micro-level behaviour about language use to macro-level processes such as globalisation. Yet, students of nationalism have paid little attention to its link to public policy. For example, two recent books surveying the field of nationalism studies pay no attention to public policy issues (Guibernau and Hutchinson 2001; Conversi 2002). In a recent article, Jan Erk underlined this important gap in the literature on nationalism while also making the argument that, in a multinational state such as Belgium,[2] policies such as education and broadcasting will tend to be decentralized along ethno-linguistic lines (Erk 2003).

The question of the influence of nationalism on public policy raises three main theoretical issues. The first issue relates to the identity-generating and mobilizing potential of different policy areas. Policies

linked to language are prime candidates to be targeted by nationalist movements because nationalism is most readily identified with cultural distinctiveness. Do other types of policies have a particularly, albeit less obvious, potential for working towards nation-building and serving as a rallying point for nationalist mobilization? The second issue involves the relative importance of 'state' and 'society' in political analysis. If nationalism is found to put substantial pressure on policy outcomes, should this be seen as supporting purely societal perspectives on public policy?[3] The third issue concerns the relationship between historical sequence and institutional development (Pierson 2004). Is policy change resulting from nationalist pressures dependent upon *when* and in what institutional context nationalist movements and policy arrangements develop?

This article seeks to address these issues primarily through studying the push by Flemish nationalists for the partial 'federalization', or decentralization, of social insurance schemes (Social Security) in Belgium.[4] It is divided into two main parts, the first featuring a theoretical discussion and the second exploring the case of Social Security reform in Belgium. In these parts, we explain why social policy is likely to factor into processes of identity- and nation-building spearheaded by sub-state nationalism, and why nationalist movements typically trigger pressures for the decentralization of social policy. The broader point here is that there exists a special connection between sub-state nationalism and social policy, even if the latter is not *per se* a linguistic or cultural policy. We also argue that recognizing the importance of this relationship should not lead to hasty conclusions about societal and institutional pressures on public policy. Nationalism may only partly be understood as a societal force; it is also a political construction influenced by institutional arrangements and policy legacies. Finally, we explain how the timing and historical sequence of nationalism and policy development may lead to institutional forces preventing the congruence between public policies and ethno-linguistic boundaries despite intense pressures. In Belgium, institutional structures and vested interests stemming from existing policy legacies have prevented the federalization of social insurance schemes.

Nationalism, social policy, and institutional resistance

In this part, we tackle three theoretical issues. First, we investigate the relationship between sub-state nationalism and social policy. In a line of argument similar to Erk's (2003), we suggest that, in multinational states, there will be pressures to make the boundaries of social policy congruent with those of the national community as articulated by nationalist leaders. Second, we discuss the conceptual and theoretical implications of

recognizing the pressures exerted by nationalist movements on social policy in reference to state-society relationships. Third, we explain how, despite nationalist pressures for decentralization, institutional factors may prevent congruence.

Social Policy: The Pressures of Sub-State Nationalism

Social policy may factor into sub-state nationalism in two different yet complementary ways. The first is the construction and expression of national identity at the sub-state level. This process typically features references to a distinct culture and/or history. Cultural distinctiveness, particularly in language, can serve as a relatively straightforward criterion for defining the national community, that is, for specifying who should be included and excluded. Furthermore, once the contours of the nation have been determined, culture acts as a powerful reference for national identity because it is full of symbolic meanings that can provide binding ties to a community.

Social policy can serve to establish identity distinctiveness in a different manner from, but parallel to, culture and/or history. Just like culture, social policy can be treated and articulated by nationalist leaders as symbols of a wider set of values, societal priorities, and political culture. This is the case, for example, in Québec and Scotland where national identities are strongly associated with progressive politics embodied by distinctive social programs (Béland and Lecours 2005a). Social policy also represents a tangible manifestation of the existence of a political community. After all, health care, education, and income support programs are, much like culture, present in the everyday life of individuals and provide social cohesion.

The second way through which social policy may affect sub-state nationalism is by shaping nationalist mobilization. Much as is the case for identity construction, this process of mobilization typically features a strong cultural component. In re-tracing or re-inventing the history of their groups, nationalist leaders usually define an enemy that is said to threaten the cultural integrity of the group (Brass 1991). Narratives of cultural oppressors are intended to mobilize populations to gain political power, territorial autonomy, and legal protections for language and culture. If the central government itself is defined as a source of national oppression, jurisdictional battles stemming from the federal or decentralized nature of political systems can become a powerful source of nationalist mobilization at the sub-state level.

An argument can also be made that nationalist movements have – independently of their instrumental uses for mobilization – an inclination for creating social programs within the institutions they control. In other

words, this relationship is conditioned only by financial resources. The cases of Scotland and Québec, which are not the wealthiest regions in their respective countries, support this argument because their nationalist movements seek the decentralization of social policy even in the absence of the prospect of economic gain (Béland and Lecours 2005a). The more crucial idea is that both nationalism and the welfare state are framed in reference to the idea of solidarity. The nation has been described as an 'imagined community,' denoting how it is characterized by a special sense of solidarity that does not stem from face-to-face relationships (Anderson 1991). Although professional divisions between social insurance schemes exist in many countries, the welfare state is generally meant to reinforce solidarity between citizens. In this setting, abstract notions of solidarity can be transformed into formal relationships involving duties, rights, and redistribution (Miller 1995: 67–68) National solidarity is a political and ideological construct that owes much to nationalism as a political force and, in contemporary liberal-democracies, to the welfare state. In this context, social policy 'is both the vehicle whereby common ideals can be expressed and the means whereby a society consciously reproduces its own identity' (*ibid.*: 111).

In multinational states, formal economic solidarity expressed by the welfare state is rarely congruent with sub-state nationalism's sense of cultural and linguistic solidarity. In other words, members of a community that considers itself a nation distinct from the one projected by the central state usually give priority to this sub-state national bond. In this context, nationalist movements will often seek to bring social distributive policies into their version of a national framework. They can make this adjustment fully and rapidly by achieving independence for their community. This is the objective of both the *Parti québécois* in Québec and the Scottish National Party in Scotland, which argue that different preferences and priorities over social policy require independence. Of course, secession is perceived as a radical option that is politically difficult to achieve. Because it is more feasible, nationalist movements are more likely to seek the partial congruence between their national community and economic solidarity, or at least to proceed gradually toward their full coincidence, by attempting to decentralize elements of social policy.

Nationalism and state-society relations

We have just suggested that social policy represents a particularly potent reference for nation-building, and that nationalist leaders are likely to seek its decentralization to make the boundaries of redistribution coherent with their national community. From an analytical perspective,

what does this mean for the relative place of the state and civil society in policy analysis? Is suggesting that sub-state nationalism puts pressure on social policy arrangements by striving for decentralization really making an argument for a societal approach and against institutionalism (Erk 2003)? The answer to this question really depends on how nationalism is understood, and we suggest a more complex understanding of this phenomenon than as a pure societal force.

The idea that nationalism is strictly a societal force, or a 'bottom-up' process, derives from giving analytical primacy to culture. In the field of nationalism studies, this perspective was first known as primordialism (Smith 1998: 145–152). Primordialists argued that culture produced the most significant cleavages and that, as a consequence, they affected politics much more strongly than other types of cleavage such as class or gender. Primordialists never truly engaged with institutions and issues of public policy specifically. Yet, their assumption that 'ethnic ties' possess an overbearing force suggests that culture rather rigidly conditions institutions and policy.

Primordialism is largely a discredited approach to nationalism. It has been criticized, justly we think, for taking identities and their political importance for granted as well as for conceptualizing nationalism as a phenomenon so natural that it becomes unintelligible for the social science (Eller and Coughlan 1993). However, the demise of primordialism has not meant the death of societal-cultural and 'bottom-up' approach to nationalism. Perennialism and ethno-symbolism have emerged as more refined versions of the primordialist perspective that have abandoned the idea of identities as 'givens' and conceptualised them instead as socially and historically constructed (Smith 1998: 159–198). Perennialism views these identities as ancient, resilient and most often stemming from language while 'ethno-symbolists' emphasize the symbols extracted from culture.

What is noteworthy about perennialism and ethno-symbolism insofar as our discussion of nationalism and public policy is concerned is that, in bringing the state into their narratives, these approaches (particularly ethno-symbolism) have been influenced by seminal works such as Gellner's (1983). This means that even in 'bottom-up' approaches the historical development of nationalism becomes mediated by state structures. In other words, virtually no scholarship on nationalism presents nationalism as a purely societal phenomenon unaffected by political institutions. Admittedly, approaches like perennialism and ethno-symbolism remain of the cultural and 'bottom-up' variety. This, however, generates severe weaknesses. Without recognizing the theoretical importance of political institutions, how is it possible to explain when nationalism emerges, and why it emerges in one country rather than another?

In opposition to 'bottom-up' cultural perspectives, several different 'top-down' approaches have been developed. Not all of these feature political institutions prominently: for example, instrumentalism insists on manipulative elites (Brass 1991). Political institutions are prominent for the canons of Modernism that situate the emergence of nationalism in the context of the construction of the modern state (Gellner 1983; Breuilly 1982). Some recent contributions have adopted historical institutionalism to tie, from a slightly different perspective, the development of national-ism with the evolution of the state (Lecours 2001; Bertrand 2004). From these angles, nationalism is a state-centred phenomenon. There is also an extensive literature, sometimes more agnostic about the deep origins of nationalism, which is concerned with assessing the impact of various institutional structures, from federalism to electoral systems, on nationalism and ethnic conflict (Nagel 1986; Horowitz 1985; Saideman et al. 2002).

This discussion highlights the fact that stressing the effect of sub-state nationalism on public policy does not necessarily constitute a society-centred argument, or a direct challenge to institutionalist analysis. Most approaches to nationalism, and in our opinion those with the most explanatory power, give theoretical importance to political institutions, which means that nationalist movements should not be viewed as a pure societal force.

Nationalist pressures and policy inertia

Sub-state nationalism typically puts forward claims for the decentraliz-ation of social policy. Yet, as the historical institutionalist literature emphasizes, attempts to decentralize existing social programs is difficult at best. A central claim of historical institutionalism is that 'policies create politics' (Pierson 1996; Pierson 2000; Skocpol 1992). This means that, once enacted, public policies frequently create powerful vested interests that constrain future policy changes. Change is not impossible; but rather that abrupt, path-departing transformations are unlikely outside revolutionary episodes, or without external shocks such as economic depressions and military interventions (Pierson 2000). In routine politics, institutions and policies tend to reproduce over time, and change is generally path dependent, at least in policy areas where powerful vested interests exist. Although scholars have argued that path-departing change can occur in such policy areas, institutionalist scholarship provides much evidence that large public policies are difficult to reform. Social insurance schemes that cover most if not the entire working population are fine examples of public policies that create positive feedback militating against path-departing change.[5]

   In a recent book, Paul Pierson has expanded this line of argument to underline the temporal nature of institutional and political processes. For Pierson, students of politics must move beyond the vague idea that 'history matters' to formulate compelling arguments about the impact of time on politics. Overall, Pierson paves the way for a broad understanding of specific temporal issues such as path dependence and historical sequence (Pierson 2004). In the case of social policy, vested interests related to existing social programs constitute a powerful source of institutional inertia. For this reason, *when* nationalist movements begin challenging the territorial structuring of social programs is crucial in determining the likelihood of their success. For example, if a nationalist movement becomes powerful *before* the crystallization of modern social policies, it has a far greater chance to shape welfare state development than a movement that would become influential after comprehensive social programs have been established. Also important is *when* a nationalist movement secured political autonomy for its community. In Canada, *Québécois* nationalism directly affected welfare state development as provincial autonomy granted in 1867 empowered that province and its nationalist leaders before the emergence of modern social policies. This forced federal politicians to make concessions in order to recognize and preserve Québec's autonomy in some key policy areas (Béland and Lecours 2005b). In Belgium, modern social policies emerged in the context of strong centralization where Flemish nationalism had no genuine institutional leverage on welfare state development. Today, there are strong autonomous Flemish institutions. Yet, because these institutions were created after social programs generated powerful constituencies, the nationalist crusade in favour of welfare state decentralization faces strong institutional obstacles that make widespread policy change unlikely. As evidenced below, Flemish nationalist mobilization has failed to bring about the federalization of existing social insurance schemes, a reform that would have achieved congruence between these policies and the community cleavage in Belgium. In the mirror of the Canadian experience, this situation illustrates the fact that politics is not only about *how* processes occur but *when* they occur (Pierson 2004). Although incremental change is possible, deep historical legacies have created powerful constraints for Flemish politicians interested in reshaping the territorial basis of the Belgian social insurance system.

Nationalism and social security politics in Belgium

The analysis of the Belgian case provides ground for three theoretical claims. Flemish nationalism supports the notion that nationalist movements are likely to seek some form of congruence between their

national community and socio-economic solidarity. The Flemish case also points to a more complex understanding of nationalism than as a pure societal force. Finally, Belgium is a striking demonstration of the importance of historical sequence and institutional arrangements for explaining continuity in the face of strong decentralist pressures.

Flemish nationalism and the push for social security decentralization

In this section, we will show how social policy has become a major reference for nationalist mobilization in Flanders. Of course, the Flemish nationalist movement is still strongly preoccupied with linguistic issues. There have been several crises over linguistic minorities in the last twenty years (most famously, the *Fourons-Voeren* episodes, but also on-going tensions over the status of Francophones living on the periphery of Brussels), and Flemish politicians have recently demanded the split of the electoral district of Brussels/Bruxelles-Halle-Vilvoorde. But parallel to this traditional focus on language is a major concern over the territorial dimension of social policy.

Understanding this concern requires some historical perspective.[6] The structural background for the connection between Flemish nationalism and social policy is the relative economic decline of Wallonia after WWII. For over a century, Wallonia had been the economic engine of the country as a consequence of steel and coal industries resulting from precocious industrialization. Flanders, for its part, remained more rural and less prosperous. By the 1950s, the situation was changing to the point where, somewhere between 1965 and 1970, Flanders economically caught up with and overtook Wallonia according to virtually all indicators. For example, cross regional products per capita and average income per capita became more important in Flanders than Wallonia in 1966–1967, while unemployment in the South surpassed that in the North around the same time (McRae 1986: 77–89).

The first signs that Flemish nationalism was going to make the territorial dimension of social policy a political issue were a series of studies in the 1980s, most frequently commissioned by Flemish organizations and conducted by Flemish academics, detailing the financial flux between Flanders and Wallonia stemming from Social Security. In 1984, one such study conducted by Michel Dethée highlighted a discrepancy in the ratio of Social Security revenue and expenditures between Wallonia and Flanders (Dethée 1984). The author's conclusion was that Wallonia's per capita Social Security expenditures were 19 percent higher than Flanders' (Leblanc 1990: 25). A few years later, an analysis by Paul van Rompuy (1988) comparing inter-regional distribution of Social Security deficits (contributions minus paid benefits) between 1975 and 1985

showed that Wallonia's share was, for almost every year, larger than Flanders'. Still in 1989–1990, the '*Club van Leuven*' published a document on North-South Social Security transfers that would prove extremely influential in the evolution of the political debate over Social Security (Alen et al. 1990). This study made the claim that after income tax had been paid and benefits received, Walloons had more disposable income than Flemings despite lower wages and higher unemployment (Poirier and Vansteenkiste 2000: 348) This striking paradox could be seized by the more nationalist political actors in Flanders.

The main Flemish argument in this debate stems from the most basic conclusion of all studies conducted on the territorial dimension of Social Security: there are implicit financial transfers from Flanders to Wallonia inherent to its mechanisms (van Rompuy and Verheirstraten 1979; van Rompuy, Verheirstraten and Uyttenbrouk 1980; Gewestelijke Ekonomische Raad voor Vlaanderen 1983; Dottermans 1997; Cattoir et al. 2002). This argument operates a subtle slip from an interpersonal conception of solidarity to an inter-community view. It highlights that territorial transfers occur in virtually all components of Social Security: health care; unemployment; work-related and disability benefits; pensions; and family allowances. Flanders is on the positive end of Social Security transfers only when it comes to early retirement benefits.[7] The Flemish argument that power over Social Security should be given to the Communities is profoundly nationalist because it is underpinned by the idea that Francophone Belgians are outsiders. Social Security is problematic in Belgium because many members of the Flemish economic and political elite see it as incongruent with existing linguistic and national boundaries. From their perspective, federalizing Social Security makes sense since it would serve to bring redistribution and solidarity within the parameters of the – Flemish – nation.

To mobilize public opinion in support of the federalization of Social Security, Flemish nationalists have put forward a specific ideological discourse. At the centre of this discourse is the idea that Walloons willingly overuse Social Security benefits or, alternatively, that their culture leads them to do so (Orsini 2004). From this angle, Walloons are said to 'cost' more to the health insurance system as a result of bad life habits and a propensity for readily consulting specialists rather than generalists. This type of argument is often accompanied by a comparative examination of consumption of specific – and expensive – medical practice such as MRIs. When it comes to unemployment benefits, Wallonia is frequently associated with a culture of dependency: Walloons are therefore depicted either as cunningly exploiting the state's generosity or content to live off it. This ideological frame provides explosive material

for generating support for the federalization of Social Security. To make the consequences of the financial transfers striking, the nationalist slogan has been that every Flemish family pays for a new car for every Walloon family every year (Vaes 1998: 174).

Flemish leaders have used a series of cultural and identity references to frame the federalization of Social Security in a positive way. At the broadest level is the idea that Flemings are more efficient than Walloons.[8] This suggestion has not been articulated specifically in reference to Social Security but its logic seems particularly apt at capturing the issue said by Flemish leaders to be involved in the territorial dimension of Social Security, namely that Walloons overspend while Flemings are frugal. In this context, the debate over the federalization of Social Security presents great potential for playing up the Flemish identity in terms of values of efficiency and individual autonomy. Also, from a cultural perspective, Flemish nationalists have argued that a federalization would allow both communities to adapt service delivery to their own preferences.[9] In this context, Flemings are said to have an inclination for front-line medicine while Walloons would be more comfortable going to big medical centres. The cultural argument also extends to unemployment. This is where the different ideological leanings of Flanders and Wallonia come strongly into play as the picture of Flemings-as-entrepreneurs is contrasted with that of Walloon-as-welfare recipient. More practically, Flemish leaders have highlighted the differences in policy preferences with Walloons that the multinational nature of Belgium explains at least in part. Influenced by developments in the Netherlands and the United Kingdom, Flemish politicians have latched onto the concept of the 'active state' and looked to design unemployment policies that will provide incentives for recipients to seek work actively. In response, Francophones have defended the traditional Belgian model where unemployment and social assistance benefits are perceived as social rights, not conditional entitlements (Vrancken 2002).

Over the last ten years, the federalization of Social Security has been at the centre of wider projects of state reform and the ill-defined but almost paradigmatic (at least for the Christian-Democrats and, to a lesser extent, the Liberals) confederal model. In early 1996, the Christian Democrat-led Flemish government released a document signalling its intention to launch a new round of state reform (Flemish Government 1996). This document, while defending inter-regional solidarity in principle, spoke of the need to end unjustified transfers and to allow each community to fashion its social policy according to its preferences and culture (Poirier and Vansteenkiste 2000: 348–349). In 1997, the Committee on state reform of Flanders' Parliament backed up the creation of a Flemish health care and family policy; representatives of all

Flemish parties voted in favour except for the Green party Agalev, which abstained (*ibid.*).

In 1999, the Flemish Parliament made a strong statement for more substantial institutional change in Belgium by adopting five resolutions (Pagano 2000).[10] The five general principles backing each of the resolutions found the support of the Christian Democrats, Liberals, the nationalist party *Volksunie* and, after much hesitation, the Socialists (*ibid.*: 12, 13, 16). Agalev abstained because it felt the resolutions hinted at a confederal rather than a federal model. Representatives from the *Vlaams Blok* were not present as the far-right nationalist party argued that the resolutions did not go far enough. On the issue of Social Security, the Flemish Parliament takes a similar position to that adopted by its Committee on state reform in 1997 and the Flemish government in 1996: health care and family allowances must be federalized while Brussels residents can choose to which regime they belong. The arguments brought forward in favour of the federalization revolved around the idea of homogenous competencies, over-consumption of health care in Wallonia, and cultural differences. On this last point, medical specialists made the argument of a greater disposition towards front-line and home care in Wallonia while also discussing differences of perspectives in epidemiological research (*ibid.*: 36)! Overall, the resolution supporting the federalization of health insurance and family allowances was supported by a strong majority of Flemish parliamentarians (Christian Democrats, Liberals and *Volksunie*). By the end of the 1990s, there was therefore strong backing for a partial federalization of Social Security among Flemish political parties and within Flemish political institutions (Banting 1999).

The institutional roots of Flemish nationalism

Should these pressures for the federalization of social policy in Belgium emanating from Flemish nationalism be considered, from a conceptual point of view, as the pure product of societal forces? We suggest that Flemish nationalism cannot be understood independently of the historical development of the Belgian state, which means that it is conceptually entangled in both 'state' and 'society.'

The emergence of Flemish nationalism needs to be situated within the context of the early Belgian state (Deschouwer 1999/2000). The Belgian revolution of 1830 was spearheaded by a Francophone elite who sought to create a united French-speaking nation (Beaufays 1998: 20). In this context, the early Belgian state was essentially Francophone: French was, until the late 19th century, the exclusive language of Parliament, the courts, the civil service, and the army (McRae 1986: 22). It was opposition

to these state structures that led the Flemish lower bourgeoisie to articulate an alternative vision of the Belgian nation based on notions of bilingualism and biculturalism. The Flemish Movement initially sought to make it more 'Belgian' and less 'French' (Wils 1996: 178). It was only when Francophone elites refused to make concessions on language for fear of losing their influence on the Belgian state that the Flemish Movement began focusing its politics on the North of the country where Netherlandic languages were dominant. It is in this context that the Flemish Movement began articulating a distinct Flemish identity. This 19th and early to mid-20th century nationalist mobilization led to linguistic legislation establishing the legal equality of French and Dutch (in 1898) and territorial monolingualism (in the 1930s and, later, in 1962–63). As we can see, language issues stemming directly from the nature of the Belgian state were the *raison d'être* of the Flemish Movement for the first hundred years of its existence.

Institutional factors have also weighed heavily on Flemish nationalism over the last forty years as they mediated power politics. Of foremost importance is the peculiar structure of the Belgian party system that features only language-specific parties. For the purpose of further protecting the Dutch language, the Flemish Movement started a vigorous campaign for territorial autonomy in the 1960s. The Walloon Movement, created in the late 19th century to oppose the claims of Flemish nationalism, looked favourably at this notion because it was concerned with the economic decline of Wallonia and preferred to see decision-making of economic matters go into Walloon hands. The parties articulating these positions, the Flemish nationalist *Volksunie* and the Walloon regionalist *Rassemblement wallon* (RW), experienced some elec-toral success in the 1960s.[11] This put pressure on the traditional parties to take community angles on issues, and they split along linguistic lines during the 1970s. As a consequence, Flemish parties no longer needed to court Francophone voters, and vice-versa. The split removed an incen-tive to behave moderately as there were no longer national politicians but only regional ones. The political dynamic resulting from this re-configuration of the Belgian party system is central for explaining the rapid and cascading federalization of the Belgian state (Lecours 2002). The source of the split was obviously societal, but the new party system became a determinant institutional parameter for the structuring of Belgian politics.

Two other institutional factors have stimulated Flemish nationalism in the last three decades: the new autonomous institutions and the double mandate. The creation of decentralized institutions was sup-posed to settle the *question communautaire* but it ended up sustaining, or even feeding, it (Hooghe 1991). Rather than being hitched on to the

amorphous Flemish Movement, Flemish nationalism became anchored in a set of institutions striving for greater power that could generate symbols and policies (most notably on language and education) boosting the Flemish identity. The centrifugal tendencies of the new institutional frameworks were bolstered by the practice of the double mandate (eliminated in 1988) that allowed politicians to serve both as federal and Community/regional representative. This really meant the defence of language-specific perspective in federal politics. As a result of these institutional structures, there is no federal or national political scene in Belgium, and the connections between Flemings and the Francophone are few, leading to growing inter-community distance and negative stereotyping (Van Dam and Nizet 2002; Maskens 2000).

Because the development of nationalism in Belgium (as in other countries) is related to political institutions, it would be overly simplistic to state that pressures emanating from nationalist movements to render the jurisdictional scope of public policy congruent with the boundaries of their nations represent purely a societal push on institutions. Rather, our discussion of Flemish nationalism in Belgium suggests a more nuanced interpretation of the theoretical implications of nationalist pressures for social policy decentralization.

Institutional inertia in the Belgian welfare state

We already saw that by the end of the 1990s, there was strong backing for a partial federalization of Social Security among Flemish political actors. This begs the question of why such federalization has not occurred. In this section, we explain the absence of major change, and put forward an important caveat to the argument that nationalist pressures favour widespread policy transformation. The argument here is clearly institutionalist and emphasizes timing and sequences in politics.

From this perspective, there are two main political factors that help explain why the federalization of a social insurance scheme has not yet taken place and remains highly improbable in Belgium. First, labour unions and the federal employers organization have strong incentives to oppose this policy alternative, which would deprive them of much of their legitimacy as federal organizations involved in the regulation of social policy and labour relations. This logic, which is embedded in the institutional legacies stemming from welfare state development, illustrates the temporal nature of political processes as historical legacies shape current political behaviour. Second, the institutional veto point that Francophone parties have as a result of consociational practices represents a major impediment to federalization because French-speakers as a whole view federal Social Security as vital to the maintenance of their

socio-economic status and to the survival of Belgium as a country. Again, this example illustrates the historical weight of a welfare state that has created vested interests at the regional level through enduring redistributive processes.

To understand the vested interests that the modern Belgian welfare state has generated, we must turn briefly to the history of social policy in Belgium.[12] The modern welfare state that emerged immediately after the liberation of Belgium from German occupation represented nothing more than an extension and a rationalisation of the fragmented insurance schemes that had been created during the first decades of the 20th century. In fact, the term 'welfare state' is potentially misleading because labour and business officials managed the social insurance schemes consolidated by the *Arrêté-Loi* of December 1944. During the German occupation, secret meetings between employers, labour officials, and other social actors had taken place to prepare the post-war reconstruction of Belgium. With the lack of consensus among these actors concerning the proper course of action, the *Arrêté-Loi* was a temporary executive order that became effective without any parliamentary vote. This lack of consensus mainly originated from the vested business and labour interests tied to existing insurance schemes. The fragmented institutional structures of the four main social insurance schemes of the post-war welfare state (family allowances, health insurance, old-age insurance, and unemployment insurance) largely reflected these vested interests (Vanthemsche 1994). Labour unions, which controlled the pre-war unemployment funds, would still distribute unemployment benefits while the powerful mutualities – most of them related to one of the three pillars – would remain the intermediary between individuals and health care providers. Perhaps even more than in other Bismarckian countries like France and Germany, the extension of social insurance coverage during the post-war era took the form of a fragmented order where mutualities and the 'social partners' (business and labour organisations) played a considerable administrative role. Although the state collects contributions and participates in the financing of many social provisions, it is not perceived as the sole actor responsible for the management and the regulation of social programs, as is the case in Canada and the United Kingdom. Perhaps because of this lower profile of the state, the concept of Social Security – and not 'welfare state' – has been used to label Belgium's social insurance system, which was developed above and beyond linguistic lines. In addition to Social Security, modest social assistance measures provided basic necessities to those who were not eligible for social insurance benefits.

Social insurance schemes expanded during the post-war era. Benefits were increased, and coverage extended to protect a large majority of the

population. During the 1960s, for example, independent workers gained Social Security coverage under distinct eligibility criteria that reinforced the institutional fragmentation of the Belgian welfare state. Yet, one can argue that the changes enacted during the 1950s and 1960s did little to reshape the basic architecture of a Social Security system that had been conceived as temporary in 1944 (Vanthemsche 1994).

As mentioned above, business and labour interests participate directly in the management of Belgium's federal social insurance system. In contrast to political parties, Belgian labour unions as well as the federal business organisation *Verbond van Belgische Ondernemingen/Fédération des Enterprises de Belgique* (VBO/FEB) have not split along linguistic lines. Although regional tensions exist within these organizations, class-based interests have resisted ethno-linguistic congruence. In addition to the periodic bargaining over inter-professional labour agreements, their involvement in the managing of Social Security is a major source of institutional legitimacy for the VBO/FEB and the federal labour unions. For these organizations, fighting for the preservation of the *federal* social insurance system is a way to maintain their policy relevance as federal actors.

On the labour side, the two most important unions strongly oppose the splitting of the federal social insurance system. The largest labour union in Belgium, the Catholic ACV/CSC, strongly opposes this policy alternative. Despite the fact that more than 60 percent of its members live in Flanders, the ACV/CSC is committed to the preservation of this system at the federal level. Recent interviews with leaders of this organization have confirmed the seriousness of this commitment (Savoye 2004; DeSwert 2004). According to these leaders, economic solidarity between workers should prevail over ethno-linguistic divides. Arguing that the true scope of inter-regional transfers have been exaggerated, they claim that the federal level must remain competent in the field of social insurance Yet, the ACV/CSC is not committed to pure institutional status quo. Since the mid-1990s, it has supported the shift from payroll tax to general revenues financing federal health insurance and family allowances, two programs whose benefits are not directly tied to wages.[13] Because payroll taxes are a burden on wages, it is argued, such a shift from payroll tax to general revenues financing would help fight unemployment. Social partners would stay in charge of payroll-tax financed old age and unemployment insurance schemes (DeSwert 2004). Although Flemish members support this proposal, Francophones often fear that this partial shift in social insurance financing could pave the way to federalization. The fact that Flemish Liberals link federalization to a shift from payroll tax to general revenues financing adds to their concerns. In Belgium, any reform that may indirectly lead to the federalization of

social insurance is poorly perceived among Francophones (Poirier and Vansteenkiste 2000). This is especially true within labour ranks.

The second largest labour union in Belgium with approximately 1.2 million members, the Socialist ABVV/FGTB, is even more committed to the preservation of the federal social insurance system than its Catholic counterpart (Maes 2004). This is certainly related to the fact that, as opposed to the situation prevailing within the Flemish-dominated ACV/CSC, Francophone and Flemish members have about the same demographic weight within the socialist union.[14] With the Francophone political parties, the ABVV/FGTB has thus become one of the strongest opponents to the federalization of social insurance schemes. Like its Catholic counterpart, the ABVV/FGTB downplays inter-regional transfers while advocating the preservation of working class solidarity beyond ethno-linguistic divisions. Yet, inter-regional tensions exist within the ABVV/FGTB, and Flemish members are keener to support decentralization than their Francophone counterparts who form a solid block against that policy alternative. Despite minor internal dissentions, there is no sign that the ABVV/FGTB will quit fighting against the federalization of social insurance schemes (Maes 2004).

On the business front, the main federal organization is the VBO/FEB, which formally represents about 30,000 employers, most of them small businesses. Like most business organizations located in other social insurance countries, the VBO/FEB promotes a neo-liberal agenda that focuses on labour market flexibility and the reduction in labour costs stemming from comparatively high payroll taxes. Yet, because the VBO/FEB is fragmented among sectoral and regional lines, it can hardly push for a comprehensive social policy reform agenda.[15] The position of the VBO/FEB concerning the federalization of the social insurance system is relatively clear: although its discourse remains vague in order to avoid confrontation with Flemish employers, it opposes this policy alternative. Like labour unions, the VBO/FEB participates in the management of the system, and federalization would certainly undermine its legitimacy. For the VBO/FEB, federalization would also mean less staff and financial resources. Since the late 1980s, for example, the decentralization of policy areas such as education has already caused a decline in staff of approximately 20 percent.[16] Leaders of the VBO/FEB are not likely to support the federalization of Social Security because it could mean losing policy relevance (Adnet 2004).

The struggle of the VBO/FEB to preserve its policy relevance is especially acute in view of the competition emanating from VEV (*Vlaams Economisch Verbond*), a Flemish business organization whose profile has increased in recent years. In line with most Flemish political parties, VEV is a fervent advocate of decentralisation. In contrast, Walloon employers

strongly oppose this option, which would probably mean a regional increase in payroll taxes detrimental to their global competitiveness. The weight of large Walloon firms within the VBO/FEB helps to understand why this organization does not support the federalization of the Belgian social insurance system. Yet, because of the competition emanating from a regional organisation like VEV, the VBO/FEB is in a weaker position than labour unions to defend the current federal social insurance system. If many Flemish employers come to embrace VEV as their only legitimate representative, this weakening of the VBO/FEB would make the federal social insurance system more vulnerable to Flemish attempts to decentralize. For the time being, social partners like the VBO/FEB, the ABVV/FGTB and the ABVV/FGTB are among the most powerful defenders of the *federal* social insurance system. Tied to this system through their managerial role, they represent enduring vested interests that complicate Flemish attempts to decentralize that system.

In addition to these powerful vested interests, the institutional features of the Belgian political system make comprehensive decentralization highly unlikely in the present context. As a result of the written and unwritten rules of Belgian politics, Francophone parties have an undeniable 'veto point' as they can block direct attempts to federalize existing social insurance schemes. This veto stems from the constitutional obligation for Belgian governments to have an equal number of Flemish and Francophone ministers and from the political understanding that decisions in the federal government will be reached by consensus. Moreover, a procedure known as the alarm-bell re-enforces the mutual vetoes stemming from cabinet parity as parliamentarians from one language group can put a bill on hold by arguing that it threatens the vital interests of their linguistic community.[17] In this specific institutional context, Francophones' unilateral opposition to the decentralization of the federal social insurance schemes is a major source of institutional inertia. In the past, Francophone politicians have supported decentralization in other policy areas partly to avoid the federalization of the social insurance system. It is unlikely that, in the future, their opposition to federalization will fade because Francophone politicians and their constituencies widely perceive social insurance as the last bond holding Belgium together (Banting and Kymlicka 2003: 37). Social insurance schemes have created vested interests at the regional level, and federal political institutions give these regional interests a 'veto point' that should not disappear anytime soon.[18] Overall, the role played by policy legacies and the structures of the Belgian political system in preventing the federalization of social policy in Belgium supports Pierson's notion that long-term institutional processes create constraints that make widespread policy restructuring difficult at best.

Conclusion

This article underlined three crucial elements in the relationship between nationalism and public policy that should guide future scholarship about this issue. First, we showed that social policy presents good nation-building potential for leaders of nationalist movements, and that sub-state nationalism is likely to seek its decentralization to make the boundaries of social and national solidarity congruent. Second, we argued that nationalism is not a pure societal force independent from policy legacies and formal political institutions. Therefore, nationalist pressure for political decentralization should not be seen strictly as a societal push on institutions. Finally, we demonstrated that institutional obstacles can preclude the convergence between social policy and ethno-territorial cleavages. This reality stems primarily from the temporal nature of institutional processes underlined in Pierson's *Politics in Time*. In the case of Belgium, the mobilization of 'social partners' and Francophone parties grounded in powerful institutional logics have so far prevented the federalization of the social insurance system. Institutional forces largely condition policy outcomes as well as the capacity for nationalist movements to promote the congruence between institutions and policies on one hand, and ethno-linguistic realities on the other. Overall, the connection between nationalism and public policy involves complex relationships between societal and institutional forces. Perhaps scholars interested in studying this issue should see territorial identities and political institutions as related, not antagonistic, realities that the debate between institutional and societal theories may obscure. In the future, scholars could extend the study of nationalism, public policy, and institutional development in a way that does not rely on a rigid dichotomy between 'state' and 'society'.

NOTES

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2. We define multinational states as states where the population identifies primarily, or at least partly, with more than one nation. In addition to Belgium, states such as Canada, Spain, and the United Kingdom can be considered multinational. In his article, Erk only studies the case of Belgium.
3. On the distinction between societal and institutional accounts, see Béland and Hacker 2004.
4. Among the developed multinational states mentioned above, Belgium was selected for this study because it features a puzzling contrast between intense nationalist pressures for the decentralization of social insurance schemes and the virtual absence of such decentralization.
5. For an interesting discussion about institutional change, see Thelen 2004.
6. On the history of the Flemish Movement, see Wils 1996.
7. For an institutionalist analysis of pension reform in Belgium that takes nationalism into account, see Marier 2002.

8. This is exemplified in the Flemish slogan 'Wat we zelf doen, doen we beter' (what we do ourselves, we do better). See Erk 2003.
9. For a good summary of Flemish arguments and Francophone counter-arguments about the federalization of social insurance schemes, see Orsini 2004.
10. A book published in 1996 that featured a draft constitution for Flanders gave momentum for further institutional change (Clement, Pas, Seutin, van Haegendoren and Van Nieuwenhove 1996). Several observers have seen in the book a push for, among other things, a federalization of Social Security (Brassinne 1997: 60). For example, the draft constitution gives Flemings the right to receive financial, social, medical, and judicial assistance from the Flemish government (art.14). Then Flemish Minister-President Luc van den Brande supported the document, which he saw as revolving around the strengthening and homogenizing of Flanders' competencies and the improvement of the transparency of the federal structures (Brassinne 1997: 11). Homogenous competencies and greater transparency are arguments that have also appeared in the Flemish discourse for the federalization of Social Security.
11. *Volksunie* won 12 and 20 seats in the 1965 and 1968 elections while RW obtained 7 seats in 1968. The *Front Démocratique des Francophones* (FDF), founded in 1964 following the language legislation, garnered 3 and 5 seats.
12. This paragraph draws extensively on Vanthemsche 1994.
13. For a brief overview of the organization's positions on social insurance reform, see CSC, 2003.
14. The Socialist pillar is significantly stronger in Wallonia than in Flanders. This situation tends to make up for the fact that Flanders is more populated than the Francophone Community. There are about six million inhabitants in Flanders, three million in Wallonia, and one million in the Brussels Region.
15. For some historical background concerning the FEB's ideological moderation, see Arcq 1990: 10.
16. The number of paid employees declined from about 120 in the late 1990s to about 100 in 2004 (Adnet 2004).
17. For this procedure to be enacted, 75 percent of Parliament members from one language group must put forth their signature. See Uyttendaele 1997, 102.
18. Although the Flemish government has recently created a regional long-term care insurance scheme to protect its population, this measure remains modest. Over the long run, the addition of new measures at the regional level could bring more institutional change in Belgian social policy.

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