Opposition grows to Belgium austerity

Robert Stevens
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The six-party coalition government in Belgium faces growing opposition to its imposition of billions of euros in social cuts.

After 541 days without a formal government, following the collapse of Yves Leterme' s Christian Democratic and Flemish party coalition government in April 2010, Elio Di Rupo, the leader of the Socialist Party (PS), was sworn in on December 6 of last year as the prime minister of another highly unstable coalition. The new government also comprises the *Socialistische Partij Anders* (Different Socialist Party), the two Christian Democrat parties, and two free-market parties.

The New Flemish Alliance, the Flemish nationalist party which won the previous election in June 2010, is not included. In the French-speaking south, the Socialist Party won 26 seats, making it the second-largest parliamentary bloc.

Central to a 177-page coalition agreement the parties signed was a commitment to spending cuts, job losses and tax increases worth €11.3 billion in 2012. Olli Rehn, the European commissioner for economic and monetary affairs, revealed this week that in November he wrote to the governments of Belgium, Cyprus, Malta, Hungary and Poland stressing that if further spending cuts were not imposed, they were in danger of missing fiscal targets.

On January 5, he directly intervened to demand Belgian finance minister Steven Vanackere impose new savings of up to €2 billion by the following Monday, January 9. Rehn acted based on new powers allocated to the European Commission in December, under which they can enforce budgetary measures and bypass normal democratic processes to ensure that public spending deficits remains below 3 percent of gross domestic product.

In response, Belgian budget minister Olivier Chastel said, "The commission has given us the choice to either come up this weekend with savings of 1.2 billion euros, which we refused to do, or to freeze some of our spending over a period of several months, which is what we have opted for."

Belgium has the fifth-highest state debt level in the European Union (EU), near 100 percent of GDP against EU borrowing limits set at 60 percent. Since the collapse of the Leterme government, Belgium's debt crisis has worsened. In April 2010, Belgium was able to borrow money on the international finance markets at nearly the same low interest rate as Germany. The "spread" between Belgium's and Germany's bond yields has now widened from just 0.4 percent to up to 2.4 percent—the highest level since the introduction of the euro in 1999.

Philippe Walkowiak, a commentator for the RTBF public broadcaster, said recently, "After 18 months of paralysis, the political world had to make up for lost time, and the austerity measures were imposed with a degree of brutality, and in some cases a lack of preparation."

The billions in spending cuts are aimed at reducing the deficit to 2.8 percent of GDP and were based on November forecasts of growth of 0.8 percent. Since then, growth has slowed to between zero and 0.5 percent. Belgium's Economic and Social Research Institute has forecast a 0.3 percent contraction.

According to *Le Soir*, further stagnation in growth will necessitate €1.36 billion of further spending cuts. Di Rupo said in a January 14 interview, "Today we all know that there will be deterioration in the euro zone and we'll have to take additional steps."

On Monday, workers throughout Belgium participated in a 24-hour nationwide general strike against the government's cuts agenda, called by Belgium's three main trade union federations. The strike was the first stoppage in nearly 20 years to involve workers from all sectors of the economy. It coincided with a European Union summit on the economic crisis being held in Brussels.

Transportation ground to a halt as rail, airline and local public services were shut down. High-speed international train services, including the Eurostar from London and Thalys from Paris, did not run. At Charleroi Airport, a low-cost airlines hub, all flights were cancelled.

In Brussels, strikers set up road blocks, cutting off access to factory districts. Many government offices closed, as did schools and the postal service. Hospital services were staffed at the same levels as during weekends. Many shops closed in cities and towns.

The private sector was hit with strikes at automaker Audi in Brussels and the Volvo car plant in Ghent, as well as at Coca-Cola's plant near Antwerp. At the port of Antwerp, container terminals were forced to close. Some bulk cargo terminals were also shut. As a result of suspensions to harbour services, shipping traffic was delayed. Ports at Ostend, Zeebrugge, and Ghent were severely hit.

Umicore SA, the world's largest precious-metals refiner, said production was halted at two of its five Belgium sites.

The trade unions have sought to ensure that a movement against austerity does not escalate out of official channels. They have made their central demand the introduction of eurobonds.

No large demonstration was called in Brussels, with the union leaders instead delivering a replica of a eurobond to the heads of state meeting at the summit. Rudy De Leeuw, president of the ABVV union group, said, "Europe must hand out eurobonds, it must help the strikers who have bailed out banks, and it must take steps for long-term growth."

The demand for the introduction of such a system of state loans guaranteed on a European rather than a national basis is favoured by many governments, as a mechanism for ensuring the burden of the financial crisis is transferred onto the backs of the entire working class. The purpose of eurobonds would be to offer the banks new, secure investment possibilities to exchange for their unsecured loans, guaranteed by the combined European Union member states.

Far from being used to "rescue" EU member states like Greece and Portugal, eurobonds are aimed, like all previous bailouts, at defending the stability of the euro and reassuring the finance markets that the interests of the super-rich elite will remain paramount.

Following the strike, the government agreed to meet with the trade union for several weeks of negotiations. Di Rupo stated that he "observed with satisfaction that the strike and the EU leaders' summit took place without problems". In praise of the unions, he added, "Everybody lived up to their responsibilities in difficult circumstance".