

If All of Europe Were Belgium: Lessons in Politics and Globalization From One Country

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Belgium is a fascinating, but unfortunately relatively understudied country by historians and social scientists studying Europe. Its small size, three million people in the early nineteenth century when it became independent and ten million in 2000, does not account for its neglect by historians. Sweden, Portugal, and a number of other countries in Europe have been smaller in population. The use of two languages, Dutch and French, is only slightly daunting. Switzerland, despite its multiple languages, is more heavily studied, and Dutch and French are not unusual languages for others to know or learn.

I would argue that one reason Belgium is relatively under-studied is because too often the assumption has been made that developments there mirror those elsewhere. At first glance, industrialization, liberalism, socialism, political Catholicism, and globalization in Belgium all appear to be familiar to scholars studying the history of other continental Western European countries such as France, Germany, Italy, and the Netherlands. Indeed, in many ways, Belgium experienced these trends in a very similar fashion as much of Western Europe. One could even argue that Belgium, except for its not being a great power, has been the quintessential Western European state. That very commonality with other Western European states and societies, however, is what makes Belgium unique. These trends shaped a number of Western European countries, but none of these countries experienced all of them as powerfully as did Belgium. If we want to learn how industrialization, liberalism, socialism, political Catholicism, and globalization interacted, we need to study Belgium.

Belgium is, to paraphrase a late nineteenth century French observer, "une terre d'expériences", the land of experiments, a virtual laboratory for social science (Chaurriaut, 1910). Studying these trends in Belgium, I would argue, reveals much about Western European history. Two of the most powerful of these trends, and the two that are the most revealing about Belgium and Europe as a whole, I would argue, are liberalism and globalization. On the surface, liberalism in Belgium fits the Western European pattern: it helped transform the society in the mid-nineteenth century, reached an apogee as a political movement in the 1870s, and then lost ground to the new movements

of socialism and political Catholicism. By the early twentieth century, the Liberal party and political liberalism in general had become largely marginalized. Similarly, Belgium's place in the international economy seems equally straightforward: as a small country, it could never hope to be self-sufficient, and it consequently has always depended on trade across borders to survive as a successful economy.

Both of these stereotypes are correct, but partial, I would argue. Rethinking these two European-wide phenomena in the Belgian context illumines both European and Belgian history. Liberalism was much broader than a political party. Its success left profound influences on its supposed enemies, socialism and political Catholicism. The acceptance by both Catholics and Socialists of a liberal constitutional monarchy, the depth of the Socialist commitment to anticlericalism, and the practice of pluralism all bear the marks of the liberal heritage. Most important, liberal business and political leaders structured how Belgium competed in the international economy. Belgium was, in the mid- to late-nineteenth century, the classic state and society of what can be called "the first era of globalization". Liberals created Belgium as a low-wage, *laissez-faire* state and economy. Saddled with this legacy, the Liberals' Catholic and socialist successors struggled to come up with a new strategy that would allow Belgium to compete with countries that invested more in new technologies and new business strategies. Seen in this light, the battles over social welfare and domestic politics in late nineteenth and early twentieth century Belgium can be seen as struggles over how a small state can adapt in a world market.

The commonalities that Belgium shared with other Western European societies can be briefly stated. It industrialized only several decades after England, and then, in turn, helped industrialize France and Germany, and later Russia. By the late nineteenth century, Belgium was an industrialized country along with having a heavily urbanized population. It was no coincidence that Belgium was the first country after France to go through the so-called demographic transition, where first death, then birth rates fell from pre-industrial levels. The distinctive aspects of this industrialized and urbanized experience do not undercut the general pattern. Belgium was extremely dependent on exports. With a population of only about seven million people, it was the fifth largest exporter in the world before World War I (De Leener, 1905). As a liberal state, Belgium, like Britain, Denmark, France until 1870, Germany until 1918, Italy until 1945, the Netherlands, and Sweden, was a constitutional monarchy. The Belgian constitution of 1831 enshrined basic freedoms that Britain had begun, but which were soon to be widespread in Europe by the end of the century.

1. THE LIBERAL LEGACY

Liberalism in Belgium was both an economic and political force. The new regime built the densest railroad network in Europe. It lowered external tariffs, maintained a stable currency, and gradually cut back on internal taxation barriers to trade, particularly the *octrois*. The abolition of the *octrois* by the liberal Frère-Orban government in 1860 did not lower the tax burden, but it did make internal trade and commerce flow more freely and thus lowered costs (Segers, 2000).

Belgian liberals were in the forefront of introducing free trade beyond Britain. Well before the landmark Cobden-Chevalier Treaty between Britain and France in 1860, Belgian liberals had been in contact with their counterparts in France and Germany to propagate the idea of lowering tariff barriers as a means to spur economic development. A manifesto by the Association Belge pour la Reforme Douanière in 1855 called for reducing external tariffs,

"Inspired by the results of economic science and by the experience of real facts, especially that of England, where, since the introduction of Sire Robert Peel's reforms, agriculture, navigation and industry, far from declining, have flourished in force and energy in the most unexpected way" (*Congrès international*, 1856).

The lowering of tariffs across Europe in the 1860s allowed Belgian industry to flourish, and irrevocably committed the country to an international focus in its industry. Belgium essentially clung to free trade into the twentieth century, even as its larger neighbors and competitors, France and Germany, raised tariffs from 1878 on (Kindleberger, 1975).

The success of liberalism can also be seen in the strength of the constitutional monarchy. With his dissolute personal life and catastrophic policies of extortion in the Congo Free State, Leopold II (1865-1909) was no credit to the monarchy. Despite this, the monarchy was not an issue in Belgian politics, and parliamentary control of the government through organized parties became solidified from the 1850s through the 1880s (De Smaele, 2000). This has to be contrasted to the failure of constitutional monarchy in France, and its tenuous hold on the political system and eventual collapse in Germany, Italy, and Austria-Hungary. Undoubtedly, not being a great power and being a neutral country meant that Belgium avoided the militarism and the calls for autarchy and xenophobia that created the *crise de régime* in its larger Western European neighbors.

For all the success of liberalism, Belgium provides a striking example of the failure of liberalism to expand its support beyond the upper middle class. The Liberals never were able to rally the support of lower middle class individuals and workers that they clearly had the potential to have. In Britain, the Liberal party stayed in power into World War I, and the Labour Party never developed as a national party until after the War. Through "Lib-Labism", that is, workers' representatives voting with the Liberal Party, the Liberal Party continued to garner a large proportion of British workers' votes. As Gregory Luebbert writes, "The Liberal party thus served as a critical bridge between the working class and the modern liberal order" (Luebbert, 1991, 26). In France, the SIFO (Section Française de l'Internationale Ouvrière) was more successful earlier as a working class party than the British Labour Party, and it won approximately 17 percent of the national vote in legislative elections in 1912. However, it only made its breakthrough in these elections right before the War. Until then, in some ways similar to Britain, the Radicals in France continued to win a large measure of worker support in the period 1890-1912. In Switzerland, too, the Radicals kept their place in the political system in part by sponsoring social legislation and winning a portion of working class support.

In Belgium, by contrast, the Liberals had clearly lost out to the Socialists in terms of support from workers already in 1894. Only plural votes, which went disproportionately to Liberal candidates, allowed the Liberals to maintain a strong showing. Even this advantage did not obscure the fall in Liberal support once universal manhood suffrage went into effect in 1894. Belgian national elections are difficult to compare across time because of the alternation between partial and so-called integral, i.e, nation-wide elections. Nonetheless, Belgium may have seen perhaps the sharpest break anywhere in Europe between liberalism and socialism. Already in 1894, in the first national elections in which the Socialists competed, the Liberals received 537,000 votes to the Socialists' 311,000. Again in the 1900 elections, after proportional representation was enacted in 1899, the Liberals out polled the Socialists – but just barely – 502,000 to 461,000. In every other election after universal male suffrage was enacted – 1898, 1906, 1910, 1912, the Socialists out polled the Liberals; in the other elections in the period, the alliances between Liberals and Socialists made it difficult to determine which party had received the most votes. In parliament, Liberals usually had slightly more seats than the Socialists, but this was often due to Socialists workers throwing their votes to Liberal candidates in run-off elections in electoral *arrondissements* where the Socialist candidate had no hope of beating the Catholic candidate. In perhaps no other country in Europe, did the Socialists so

quickly, so early, and so completely take the place of the Liberals as the major opposition party, at least in terms of votes (Gilissen, 1958).

The Liberals clearly had potential bases of support among workers. In Ghent and Antwerp, there were small "Liberal Worker Parties", complete with consumer cooperatives and mutual insurance societies. In Brussels, Ghent, and Liege, there were groups such as the *Association générale ouvrière*, *Antisocialistische Werkliedenbond*, and *Association Générale des Travailleurs*, all of which organized workers as labor unionists without affiliating with a political party. In Britain and Germany, the labor unions were the bedrock of support for the Labour Party and the SPD. In Belgium, the Socialist labor union movement only became a serious national movement in 1910. Until then, Ghent was the only place in Belgium with a strong Socialist labor union movement. The printers in Brussels, diamond workers in Antwerp, glassblowers in Charleroi, woolen textile workers in Verviers, and miners across Wallonia were all labor unions that remained independent of the Socialists or maintained at most a loose affiliation with the Socialist party (Strikwerda, 1997, 196, 229-233, 327-340). Furthermore, the Socialist party policy of nationalization left most workers unimpressed. If one looks at demands that Belgian workers put forth in strikes and negotiations, what most of the organized workers wanted was collective bargaining, the eight hour day, unemployment insurance, and laws on working conditions. Socialist party affiliation was not necessary to achieve these, if other parties helped the unions.

In fact, Belgium provides striking evidence that labor unionism, what the French call "*ouvriérisme*", and what British sometimes call "trade unionism" or "syndicalism", was an elemental form of working class organization. All political movements trying to organize workers in nineteenth century Belgium – anarchist, Catholic, liberal, or socialist – had to support workers winning wage increases, better working conditions, and collective bargaining if they were to win working class support. Even some of the most violent strikes in which anarchists were involved and which anarchists claimed were intended to destroy bourgeois society actually began because workers protested changes in wage cuts or working conditions. The independent, i.e., non-Socialist labor unions were a large potential base of support for a Liberal party that was willing to support social legislation like the Liberals in Britain or the Radicals in France and Switzerland did. The Belgian Liberals never tried this policy, and they paid the price of becoming a small minority party much earlier and more completely than they need to have done.

At the same time that the Liberals in Belgium shrank into the minority status that they were to have for nearly the next century, their enormous leg-

acy is clear in their profound influence on their successors, the Socialists and democratic Catholics. Foreign observers, both before World War I and in the late twentieth century, in particular have asserted that Belgian Socialism was a uniquely successful, class-based movement. Werner Sombart, Georges Haupt, E.J. Hobsbawm, Barbara Tuchman, and Robert Wuthnow have all argued that the Belgian Socialist party, more than the German Social Democrats, was the model successful Socialist party of the pre-World War I era. Indeed, there is no doubt that in terms of electoral votes, as noted above, they did an impressive job displacing the Liberals. Consumer cooperatives such as *La Maison du peuple*, *Le Progrès*, *Vooruit*, and *De Werker* were all unusually successful institutions that sponsored a unique range of newspapers, mutual insurance societies, cultural groups, and political clubs. However, the Socialists before World War I also soon found themselves in a *cul-de-sac*. Outside of the major urban centers of Brussels, Charleroi, Ghent, and Antwerp, socialist consumer cooperatives before 1914 were usually tiny operations, with little impact on working class life (Strikwerda, 1998b). Without a strong labor union movement, the Socialist party had a difficult time expanding beyond the base of secularized, proletarian workers whom it first won over to its cause in the 1890s. As noted above, national election results are difficult to compare across elections because some are partial and some integral or national, and because Liberals and Socialists ran at times separately and at times in coalition. It is significant, nonetheless, that in the six electoral *arrondissements* that voted in both 1900 and 1914 and had Socialist slates in both elections, the Socialist vote in 1914 was actually lower in percentage terms than in 1900. All six were in the provinces of Hainaut and Liège, the heartland of Socialist electoral strength.

One major reason for socialism's inability to expand was its close association with Liberal anticlericalism. Even as the Liberal party lost its place as one of the two major parties in Belgian politics, it bequeathed to the Socialists its legacy of anticlericalism. In terms of its membership, the Belgian socialist party was often described as one of the most proletarian of all socialist parties. That is, relatively fewer middle class individuals voted Socialist, but rather voted Liberal or Catholic. Perhaps because of this, the small number of Socialist lawyers and teachers such as Emile Vandervelde and Celestin Demblon had a large influence. For the most part, they saw themselves as the heirs of Liberalism and the defenders of its anticlerical heritage. One of the most important leaders of Liègeois Socialism in the 1890s, Demblon was described by his own son-in-law as leading an "anti-religious crusade" (Kunel, 1964, 67-70). It was no coincidence that the Socialist labor union and consumer cooperative movements in Liège only grew around 1910

when a new group of leaders such as Joseph Bondas and Isidore Delvigne took over the leadership from figures such as Demblon (Strikwerda, 1997, 202-205, 378-391).

Socialists in other European countries were also anticlerical, in the sense of opposition to the Catholic Church's privileges in education and social welfare. The German SPD and Free Unions, however, usually found ways nonetheless to win over significant numbers of Catholic workers. The Belgian Socialists made anticlericalism one of their major programs (Groessens, 1998; Wils, 1998). Only in the general strike of 1912 and its aftermath did Socialists consider moderating their anticlericalism and winning over workers who were practicing Catholics, but open to following socialist leadership. It is striking that in 1913 the Socialist party severed its ties to the official rationalist movement (Strikwerda, 1997, 360, 394-395). The Belgian Socialists, more so than their counterparts in other countries, faced an extremely determined opponent in the Belgian Catholic workers' movement. The result was that by 1913, democratic Catholics had built a sizeable base of support among workers opposed to Socialism: there were 102,777 Catholic unionists to 126,745 socialist union members. Although the Socialist movement was to grow enormously right after the First World War, the Catholic union movement continued to build on its pre-war foundation and, by 1935, had organized over half the number of workers that the Socialists had (Strikwerda, 1988).

Anticlericalism was strong enough that it made it difficult for Socialists and democratic Catholics to work together. "Redskins", "*dompers*", and "traitors", were some of the more polite terms that they used for each other. Ironically, however, the liberal system brought the two movements together. Although Socialist and Catholic movements rejected both the Liberal political party and the philosophy of capitalist progress, Socialists and democratic Catholics worked within the liberal heritage of compromise and law (De Smaele, 2000). The political programs of Socialists and Catholics did not change. But over and over again, already in the years before World War I, the two movements practiced the art of cooperation to bring about reforms. Laws on mandatory Sunday rest, mining regulations, workers' pensions, accident insurance, and maximum working hours all were passed thanks to coalitions of Socialists and Christian democrats, with only a handful of progressive Liberals, and opposed by conservative Catholics and almost all Liberals (Willems, 2002; Van Velthoven, 1986). On the local level, Catholics and Socialist unions regularly accused each other of wrong-headed tactics and betrayal. With a few major exceptions, however, where there were strong unions of both movements, they usually quietly went on strike together

(Strikwerda, 1997, 308-312). In 1909 to 1911, Catholics and Socialists cooperated in running the city council of Ghent, as they were to do in countless other localities across Belgium in the decades to come. Perhaps the clearest example of this pragmatic cooperation came in the crisis of World War I. Thousands of labor union members were thrown out of work. The Socialists Louis Vandersmissen and Joseph Wauters, the Catholic priest Georges-Celas Rutten, and the Liberal lawyer and sociologist Louis Varlez worked together to keep subsidies flowing to the workers and their families (Brepols, 1985, 26-29). The strength of liberal institutions was such that it survived the Liberals' decline and became an integral part of Belgian political life. Liberalism as a European phenomenon, too, has to be evaluated, too, in terms of the mentalities and institutions that it created, and not only the political party that originally gave birth to its regime. The liberal legacy that shaped Belgium was strong enough that it survived the tests of the world wars, Communism, fascism, and the Depression. Where liberal democracy failed in Europe, it could be argued, one must look at the weaknesses of the liberal heritage and its divergence from the standard that the Belgian example set.

2. ADAPTING TO THE WORLD ECONOMY: INDUSTRIALIZATION, SOCIAL WELFARE, AND URBANIZATION

The other powerful lesson from the history of such a small country as Belgium is its critical role in the story of globalization. We can see more clearly now, in the early twentieth-first century, that the mid- and late-nineteenth century was the first breakthrough towards a globalized economy (Pohl, 1989; O'Rourke & Williamson, 1999). Britain, understandably, was the heart of the first wave of globalization from the 1860s to the First World War. Britain, with a population of only 40 million in 1914, provided about 40 percent of all the international investment in the world, approximately half of the world's shipping, and 14 percent of all international trade (Ashworth, 1987; Cameron, 1989). But as an economy, Belgium was even more internationalized than Britain, and not only because of its small size which meant that goods carried over 150 kilometers became international trade. By the end of the nineteenth century, Britain depended on imports for almost 80 percent of its wheat. Belgium depended on imports for almost 100 percent of wheat consumption.

Belgian industrialists and political leaders took an enormous risk in becoming as dependent on the international economy as they did in the mid-nineteenth century. Britain achieved what it did as an international economy not only by its prowess in manufacturing, but by its enormous financial and trading resources. Indeed, by the late-nineteenth century, it was only the profits that Britain earned from shipping, insurance, foreign investments, and capital movements that allowed it to pay for its imports. Belgium lacked all of these advantages. It had no merchant shipping. It had only limited financial strength for international capital investments. Although Belgian banks and corporations invested in foreign countries, Brussels had only a limited role as an international financial center. Whereas Britain continued to earn significant profits from exporting large quantities of coal, after 1890, Belgium was usually a net importer of coal.

In its difficult transition from a low-wage to a more skilled economy, Belgium provides one of the crucial keys to understanding the history of globalization. Belgium industrialized right after Britain, but it only succeeded by combining technological advances with a relatively abundant labor. Although Belgium's population grew more slowly than that of its neighbors in the nineteenth century, and, as mentioned above, was the second in the world to adopt birth control, Belgium began the century with a very dense population. The intensive agriculture in both Flanders and Wallonia, combined with an equally intensive cottage industry, had, since the seventeenth century, created one of the most densely populated areas in Europe. In the mid-1800s, Belgian industry was much more technologically advanced than its French and German rivals. In 1860, Britain produced 130 kilograms of pig iron *per capita*, Belgium produced 69, while France produced only 26, and Germany 13. Fixed steam power *per capita* was 24 in Britain, 21 in Belgium, and only 5 in both France and Germany (Pollard, 1981, 108).

Liberal industrialists and political leaders, however, led Belgium to compete with Britain by being "the country of low wages and long hours" (De Leener, 1926, 192). This meant, in effect, depending heavily on women's labor. In one international comparison, in 1870, women made up 36 percent of the Belgian labor force outside agriculture, whereas in Britain, the most industrialized country in the world at the time, women made up 30 percent. In the textile industry, the largest industrial employer, women made up 54 percent of the workers. Although women did somewhat different tasks than men, they earned half to two-thirds of what men earned (La Vollée, 1884). It is true that the textile industry was largely based in Flanders. Wages in Flanders, where the population was the densest and the least-skilled, were lower than in Wallonia, which had a less dense population and higher levels of lit-

eracy. But wages in the metallurgical industry, the highest-paid large industrial employer in the country and one which was almost all located in Wallonia, still were lower than those of other countries. United States Department of Labor figures for 1889 showed that British bar iron wages ranged on a scale from 101 to 68, the Germans between 52 and 49, and Belgian wages clustered around 44 (Burn, 1940, 121-123).

This liberal legacy left a terrible burden for governments in Belgium to deal with in the end of the nineteenth century. Belgium's place in the emerging world economy helps explain, in part, some of the oddities of the country's social welfare policies in the nineteenth century. Belgium has been seen, rightly for the most part, as having been behind other Western European countries in terms of social legislation. Unions were not legalized until 1866, and even then suffered numerous legal restrictions. Laws on women's and children's work were not implemented until 1889. Unemployment insurance was available only in certain towns and provinces before 1914, and was only enacted for industrial work on a national level after the First World War. At the same time, poor relief, that is, subsidies paid to the poor for subsistence, were surprisingly easy to get and open to all. The absolute amounts were low, and they were controlled by local governments, *communes/gemeenten*, but even foreigners were able to get poor relief (Lis, 1986). As Jose Harries argues,

"In Belgium, there was no 'right' to public relief; yet poor law assistance was perhaps more deeply woven into economic life than anywhere else in Europe" (Harris, 2002, 415-426).

Belgian authorities were not trying to be generous to the poor nor devote substantial sums to welfare. Before 1880, Britain and the Netherlands were the two countries in Europe with the largest proportion of their gross national product to poor relief, with perhaps three percent going to this kind of welfare expenditure. By the early twentieth century, Denmark and Germany had become the most generous in this area. Belgium probably devoted no more than half of the percentage of its gross national product that these countries did, although it was more industrialized than all of them except Britain (Lindert, 2004). Nearly universal poor relief allowed the poor to continue to serve as an easily-available workforce, while its restricted amounts forced the poor to work. The low level of support, too, ensured that workers, especially in Flanders, would have less incentive to remain in their home villages and towns, but would instead migrate to the cities in Flanders or to industrial areas in Wallonia (Capron, 1999).

The recession of the late 1870s and especially the continued "long depression" of the 1880s and early 1890s meant that the economic policies of the liberal governments – both Liberal and Catholic – of the mid-nineteenth century were increasingly unviable. France and Germany, and even the Netherlands, were industrializing in textiles, iron and steel, and in such areas as armaments, glass, and mechanical construction. With agriculture undergoing a huge transformation as cheap imported grain forced marginal Belgian farmers to get out of grain production, the country faced tremendous economic and social pressures. It was no coincidence that 1886, the nadir of the economic recession, saw the first massive strike wave in Europe.

The Catholic governments that held power from 1884 to 1914 grappled with how to keep Belgium competitive in the world economy while struggling to escape the worst consequences of the legacy of low-wage industrialization. The government tried to preserve a low-wage workforce for the industrial sector without creating a larger pool of support for the socialists. The policy that they evolved was to encourage workers to live in the small towns and countryside, but to commute to work in the cities. This system of transportation and urbanization allowed Belgian employers to continue to pay lower wages and made it easier for commuting workers to move among employers since changing jobs did not involve changing one's residence. This policy had profound consequences for Belgian urbanization and the whole development of modern Belgian society and politics. The government offered inexpensive "workmen's tickets" on the national railroads which allowed rural and small town workers to commute to work in cities at less than half the normal rate. By 1910, over 4.5 million railway tickets were sold annually to workers, amounting to a workforce of at least 300,000 or almost one quarter of the industrial workforce. The government also built an extensive system of "light railroads" (*chemins vicinaux*), tramways or inter-urbans, which allowed workers to have jobs in the cities or coalfields and still live in small towns or villages miles away. In the coal and steel towns around Liège, almost 20 percent of the industrial workforce came from the provinces of Limburg or Antwerp to the north. In the border regions near Lille, Roubaix, and Tourcoing, France, as many as 30,000 Belgian workers commuted each week into France, but lived in Belgium. French wages were higher, but taxes and the cost of food was lower in Belgium (Strikwerda, 1998a).

This transportation system, in turn, encouraged a distinctive kind of urbanization in Belgium. On the eve of the First World War, Belgium may have been the most densely populated country in the world. Britain, considered very densely populated, had 238 people per square kilometer in 1911. Belgium, in 1913, had 259. As a result, although Belgium was heavily indus-

trialized and densely populated, it was not urbanized in the usual sense. In 1947, Belgium ranked only fifth among Western European countries in the number of cities with populations over 10,000. This was the case even though Britain was the only country with a higher percentage of its population outside agriculture, and the Netherlands was the only country with a more densely populated territory (Jeanneney, 1954, 62-66). Instead of moving into the largest cities or urban agglomerations – Antwerp, Brussels, Charleroi, Liège, or Ghent – a large proportion of the industrial workers continued to live in small towns and villages and commuted into larger cities to work. Looking at urbanization in terms of the proportion of the population in places of over 2,000, 5,000, 10,000, or 25,000 or more does not capture the distinctive quality of Belgian urban patterns. Between 1890 and 1930, the population in cities between 5,000 and 25,000 grew by more than one-third. Meanwhile, the proportion of the population in the countryside, i.e., in places of less than 2,000 fell by almost a third. The population in cities of over 100,000 was virtually static. During the second industrial revolution when Belgian industry had to adapt to the major challenges of the first era of globalization, it did so, not by increasing urbanization in the usual sense, but by re-directing it. Or to put it another way, as late as 1930, in the second most industrialized and urbanized country in the world, 45 percent of the population lived in towns and villages of 10,000 people or smaller (Belgium, Ministère des affaires économiques, 1945, 260).

Among other extended consequences, this dispersed Belgian urbanization also preserved a much larger lower middle class. In the biggest cities, large retail and industrial employers were more likely to predominate. In the small and medium-sized cities so common to twentieth century Belgium, small retail and industrial establishments were much more widespread. In one international comparison in the 1930s, Belgium, in proportion to its population, had the highest number of small commercial establishments in the industrialized world. (Small was defined as stores with four employees or less.) France had one small store for every 169 people, Germany one for every 80 people, England one for every 70, Austria one for every 61. Belgium had an incredible one store for every 37 people (Banque Nationale de Belgique, 1938, 511). It was no coincidence that this population of lower middle class shopkeepers and business people, along with the Catholic unionists and farmers, many of whom lived around the small towns, were the bedrock of Catholic support.

At the same time, the Catholic governments of the early twentieth century drew on the liberal legacy in fashioning social welfare policies that would help move the country out of the low wage economy but would still preserve

a good deal of flexibility. Rather than centralized models of social insurance, these governments drew on the liberal legacy to create what was later known as *liberté subsidiée*. Unemployment insurance was allowed to evolve out of communal and provincial systems that channeled benefits to workers through labor unions and mutual insurance societies. One goal was clearly to keep costs down, but another undoubtedly was to encourage continued flexibility in the labor markets. Workers could draw on their union or insurance society for only a limited time, and thus were encouraged to seek work. Health insurance and an array of other benefits were later to evolve in similar fashion (Vanthemsche, 1985).

At the same time as the Catholic governments sought to recreate the workforce to preserve a lower cost level of production, Belgian industry, usually led by Liberal industrialists, performed an impressive feat of transforming itself. This was clearest in the iron and steel industry. While Belgium had been a pioneer in iron production in the mid-nineteenth century, it fell behind as production moved from iron to steel. In part, the cost of coal fuel in iron and steel production made Belgian industry uncompetitive. Belgian coal veins were narrower, shallower, and smaller than those of the Nord-Pas-de-Calais in France and the Ruhr in Germany. Belgian coal prices became higher than those of its new rivals in France and Germany, and higher as well than those in Britain, the major exporter of coal in Europe. To combat their problems, Belgian iron, coal, and steel industrialists pursued a strategy of vertical integration. Companies such as John Cockerill and the newly-formed Ougree-Marihaye firm bought up both coal and iron ore mines, and produced everything from iron to steel to mechanical construction. They invested heavily in France, Luxemburg, Russia, and Spain, and formed cartel and price-fixing agreements with the German coal and steel cartels.

The Catholic governments in the late nineteenth century adjusted their strategies in dealing with industry as well. As Belgian coal and iron and steel industrialists became more integrated into the international market, the Catholic government directly reversed the strategies it had followed when it first came into power. Despite the low wages that Belgian coal mine owners paid, by the 1880s, Belgian coal was frequently more expensive, even on the Belgian market, than imported British or German coal. In 1890, the Belgian government decided to buy imported British coal and thereby break the traditional price-fixing arrangements of the coal mine owners who supplied the government-owned railroad system. In 1904, by contrast, the Ministry of Railroads actually congratulated the giant *Société générale* bank for coordinating all the coal cartels' bids to the state railroads, i.e., for fixing the prices. The government railroads accepted the Belgian coal cartels' price. Because

the Belgian coal cartels maintained close agreements with the German coal cartel, the price for coal to the Belgian government railroads became, *de facto*, the benchmark price for coal in Belgium, Luxemburg, and northern France (Chlepnier, 1958; Gillet, 1984).

By the eve of World War I, Belgium had begun, slowly and painfully, to make the transition to successful competition in the international economy while simultaneously raising the social conditions of its workers. Belgian industrialists adopted new, more productive technology. Cotton spinning was the sector of the textile industry in which there was the most international competition. As late as 1908, Belgium lagged behind countries such as Russia and Spain in the use of cotton ring spindles, the most up-to-date technology. By 1913, it was ahead of almost every other country, including Britain, France, and Germany (Saxonhouse & Wright, 1984). By diversifying their coal supplies, investing in new iron ore sources in France and Luxembourg, and making creative cartel arrangements with the German cartels, the Walloon iron and steel corporations rejuvenated their industry. As a percentage of Western European production, Belgian steel production had dropped between 1880 and 1890 from 5.12 percent to 3.58 percent. In the midst of recessionary times, Belgium's share of the world market was declining and its industry was falling behind its competitors. In the midst of the major expansion before World War I when steel production was going up across the Western world, Belgium actually increased its share. From 3.58 percent of European production in 1890, Belgium's share had gone up to 7.84 percent by 1912 (Reuss, 1960). Belgium's performance is especially striking in comparison with Britain's whose industry was equally old and which also faced the huge rise of American and German steel production. Between 1900 and 1913, Britain's share of world production in steel fell from 17.6 percent to 10.2 percent. Meanwhile, in the same years, Belgian steel production went up from 2.35 percent to 3.20 percent (Wibail, 1934). Belgium's iron and steel industry succeeded by taking advantage of the newly expanding world market with a vengeance; by 1913, Belgium exported an astonishing 80 percent of its steel production, with Britain and the British empire as its largest single market (Brooks & La Croix, 1920).

This change was more muted, but just as profound, in agriculture. Thousands of small farmers and day laborers in Flanders commuted to cities to work or engaged in seasonal migration to France to work in the harvest. This work brought back savings into the countryside where it allowed farmers to move from grain production to the more profitable dairying and market gardening. The *Boerenbond* and the host of mutual insurance societies and credit institutions helped the impoverished farmers invest in livestock, machinery,

and transportation. The population of the countryside gradually went down, although only slowly, while the value of the agricultural land and capital investment went up (De Moor, 2001). In 1890, 15 of the 22 *arrondissements* in Flanders had workforces that were 40 percent or more agricultural. By 1910, only nine did. Meanwhile, in 1890, only three *arrondissements* in Flanders had workforces that were less than 30 percent agricultural, and these were three of the most urbanized areas in the country – Antwerp, Brussels, and Ghent. By 1910, there were nine *arrondissements* in Flanders that whose workforces were less than 30 percent agricultural. Flanders had begun to make the transition to a more urbanized, diversified economic area.

In less industrialized economies, the population dependent on agriculture always had much less than their share of national wealth and their share of national income was still lower. In industrialized economies, the agricultural population had a higher proportional share of national wealth and close their share of national income. In the 1890s, Russia had 70 percent of its population dependent on agriculture, which had only 43 percent of the national wealth, and 32 percent of the national income. Britain, at the other extreme, had only 10 percent population dependent on agriculture, but this proportion of the population had 15 percent of the national wealth and 8 percent of national income. After the Netherlands, Belgium was the most similar economy to Britain as far as having made the transition to a smaller, but more productive agricultural sector. Twenty-five percent of the Belgian population was dependent on agriculture, but its share of national wealth was 36 percent and its share of national income 14 percent (Landes, 2003, 330-331). Most strikingly, for the second oldest industrial economy in the world, Belgium experienced impressive economic growth in the period right before 1914. Between 1890 and 1913, the fastest growing economies were the newest industrializing countries, Russia, Denmark, and Sweden, with growth rates of 2.1, 2.3, and 2.4 percent growth in Gross National Product *per capita*. Belgium's economy grew virtually as quickly as that of Germany's, at 1.7 percent per year (Bairoch, 1981).

The lessons that Belgium offers to the historian in the history of globalization, as in the history of liberalism, point to the fundamental impact of liberal economic policies and the complexities that the liberal legacy can leave. In adjusting to the first era of globalization, Belgium was deeply handicapped by liberal economic policies of early industrialization. In dealing with this legacy, subsequent Catholic governments evolved their own peculiar strategy, but drew on the liberal legacy nonetheless. On the one hand, they tried to preserve a lower-paid, flexible workforce as much as possible, but this was accompanied by state intervention in transportation, housing, and social wel-

fare policies that encouraged a specific kind of urbanization and a de-centralized political and social system. As a small country competing in international markets, Belgium was a kind of pioneer. Its economic success in the first era of globalization also had some terrible social costs. New competition led Belgian governments to adopt policies that helped industry to compete with at least some improvement in social welfare. In understanding how societies have dealt with the changing forces of the international economy, one must look at the complex social policies that governments have followed and the society that these policies have created.

ABBREVIATIONS

SIFO	Section Française de l'Internationale Ouvrière
SPD	Sozialdemokratische Partei Deutschland

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Was heel Europa maar zoals België. Lessen in politiek en globalisering uit één land

CARL STRIKWERDA

SAMENVATTING

Het België van de 19de eeuw is uniek in Europa vanwege de diepgaande invloed van het liberalisme in de samenleving en vanwege de Belgische pogingen om een hoofdrol te spelen in de internationale economie. Als partij waren de Belgische liberalen minder succesvol dan hun collega's elders. De invloed van het liberalisme reikte echter verder dan de liberale partij *stricto sensu*. De sterkte van de grondwettelijke monarchie behoedde België voor regimecrisissen. Het antiklerikalisme was een leidmotief in de geschiedenis van de socialistische partij en het hield socialisten en katholieken gescheiden. Tegelijkertijd moedigde het liberale rechtssysteem van grondwettelijke regering katholieken en socialisten aan om pragmatisch samen te werken. De economische politiek van de liberalen had tot doel België in de internationale economie te laten concurreren met Groot-Brittannië door gebruik te maken van een overvloed aan goedkope arbeid en lage lonen. Armenhulp was pover, maar makkelijk te verkrijgen. Het eerste globaliseringstijdperk van het einde van de 19de eeuw bedreigde de Belgische economie. De katholieke regeringen van de eeuwwisseling probeerden de lage lonen te behouden, maar ze stimuleerden arbeiders om in kleine steden te leven en te pendelen naar de grootsteden. Deze politiek had een zeer specifieke vorm van urbanisatie tot gevolg met vele kleine steden en een relatief grote lagere middenklasse die het uitzicht van België doorheen de twintigste eeuw bepaald hebben.

Si toute l'Europe était pareille à la Belgique! Leçons en politique et phénomène de globalisation dans un seul pays

CARL STRIKWERDA

RÉSUMÉ

La profonde influence du libéralisme dans la société et les tentatives de jouer un premier rôle dans l'économie internationale font de la Belgique du 19^e siècle un pays unique en Europe. Les libéraux belges, en tant que parti, ont pourtant moins de succès qu'ailleurs, mais la portée du libéralisme dépasse le parti au sens strict. Une monarchie constitutionnelle forte protège le pays des crises de régime. Véritable *leitmotiv* du parti socialiste, l'anticléricalisme maintient la séparation entre socialistes et catholiques. Par ailleurs, le système de droit libéral de gouvernance constitutionnelle encourage les partis évoqués à collaborer dans un esprit pragmatique. La politique économique libérale belge vise à concurrencer la Grande-Bretagne sur le marché international grâce à une main-d'œuvre pléthorique et bon marché. L'aide aux pauvres est réduite, mais facile à obtenir. Ainsi, la première ère de globalisation de la fin du 19^e siècle menace l'économie belge. Au tournant du siècle, les gouvernements catholiques tentent de maintenir les bas salaires, mais ils poussent les ouvriers à s'installer dans les petites villes et à faire la navette vers les grandes villes. Cette politique engendre une forme spécifique d'urbanisation comprenant de nombreuses petites villes et une classe moyenne inférieure relativement importante. Ces deux éléments déterminent le paysage belge au cours du 20^e siècle.