The Brussels Paradox: Economic Dynamism and Social Polarisation

Even a quick glimpse at the economic indicators for Brussels, officially the Brussels Capital Region (henceforth BCR), suggests that it is one of the richest city-regions in Europe. In terms of the Gross Regional Product (GRP) per capita for example, the BCR is the third richest European city-region, after Inner London and Luxembourg, and scores 221 per cent above the average of the 27 European Member States (Eurostat, 2010). In 2008, the BCR economy produced 679,889 jobs for a ‘labour active’ population of 442,000 people (2007) (Corijn and Vloeberghs, 2009). This is an increase in jobs of more than 10 per cent compared with 1995. The BCR economy is heavily specialized in the public and private administrative sector (Deroo et al., 1998; Corijn and Vloeberghs, 2009). In 2001, only 11 per cent of salaried jobs were in the industrial sector, while 54 per cent of BCR jobs were in the government sector (16.2 per cent), business services (15 per cent), commerce (11.9 per cent) and financial institutions (10.7 per cent). BCR houses a large international public sector, with 41,000 people working for the European institutions, nearly 4000 for NATO and many more in activities related to the international public sector such as lobbyists (estimated between 15,000 and 20,000), journalists (estimated at 1400), lawyers, diplomats, and so on (Corijn et al., 2009). The Brussels city-regional service economy is hence strongly international in orientation (Swyngedouw and Baeten, 2001). According to Taylor, Brussels is a ‘political world city’, which has successfully turned its (international) political specialization as EU capital into a diversified and resilient urban niche economy that is strongly embedded in world city networks (Taylor, 2007).

The strong economic performance of Brussels does not however translate into an equally high socio-economic profile of its population. Despite its continued economic dynamism, the average family income in Brussels decreased from 160 per cent of the national average in 1963 to only 85 per cent in 2005 (Kesteloot and Loopmans, 2009). More than one-fifth of the Brussels population lives in poverty (Beghin, 2006). In 2005, 30,828 inhabitants of Brussels (out of a total population of 1,012,258) received the minimum income of the Public Centres for Social Welfare, which is 24.22 per cent of the total number of Belgian beneficiaries (while the Brussels population makes up only 10 per cent of the total Belgian population). This poverty is mainly caused by the high unemployment in Brussels. In 2006, unemployment in Brussels was 18.2 per cent compared with 8.4 per cent for the whole of Belgium, increasing to 35.5 per cent for people aged between 15 and 24 (compared with 18.9 per cent for the whole of Belgium) (Corijn and Vloeberghs, 2009). Its youth unemployment puts BCR at twelfth place among the...
EU 27 regions. Sixty-two of the unemployed had been unemployed for at least one year, a number which is still increasing. Thirty-two per cent of the children in BCR live in a family without labour income. In 2007, 25,020 BCR households (26 per cent of the total) were on the waiting list for social housing and condemned to look for housing in the private rental market, where housing often lacks basic quality features (e.g. 10 per cent of housing in the private rental market even lacks a toilet and individual bathroom) (Corijn and Vloeberghs, 2009). One in five people in BCR delays health care costs for financial reasons.

The immediate causes of this Brussels paradox between economic dynamism and social polarization are well known and not even specific to Brussels (see for example Sassen’s (1991) argument about the social polarization in global cities and Friedmann’s (1986) world city hypothesis). While many of the jobs in Brussels are highly skilled, a significant part of the Brussels population is low skilled. This leads to only 44.6 per cent of BCR jobs being occupied by BCR inhabitants (Brussels Observatorium van de Arbeidsmarkt en Kwalificaties, 2003). Some 55.4 per cent of the jobs are taken by Flemish (36 per cent) and Walloons (19.4 per cent), half of whom live in the green and residential Brussels periphery outside BCR (Corijn and Vloeberghs, 2009). The reverse movement, BCR inhabitants working in the Flemish or Walloon regions surrounding Brussels, is much smaller. As many BCR jobs are occupied by commuters, BCR misses out on a lot of income taxation. Indeed, the BCR proportion of the total Belgian government income via personal income taxation decreases every year. In 2005, the average taxable income of BCR inhabitants was 14.47 per cent lower than the Belgian average (Corijn and Vloeberghs, 2009). Four of the five Belgian municipalities with the lowest tax income per inhabitant lie within the BCR, while the two provinces surrounding BCR are the richest in Belgium.

However, this explanation referring to the spatial mismatch between the political-institutional demarcation of Brussels and its socio-economic dynamics still leaves much to be explained about the politics of the world city. Since articulating economic and social development is essentially a political activity, the deeper causes for the Brussels paradox have to be searched for in the political field. Why is the Brussels Capital Region politically incapable of mobilizing its economic dynamics and wealth to the benefit of large parts of its population? In this chapter, I focus on the spatio-political moment of Brussels’ socio-economic development trajectory and argue that the glocalization of the city is the root cause of the persistence of the Brussels paradox over time. The scalar disarticulation underlying the Brussels paradox is the combined result of the internationalization of the city’s political economy and the socio-spatial disintegration of the national–urban elite who ruled both Belgium and Brussels until the early 1960s.

THE ‘NATIONALIZATION’ OF BRUSSELS

To understand the current condition of scalar disarticulation, we need to go back to the 19th century, when Brussels was ‘nationalized’ as part of the Belgian francophone nation-building project. In the decades following the independence of Belgium in 1830, socio-political and economic power was centralized in the capital Brussels (Witte et al., 1997; Reynebeau, 2005). Although a majority of the national population spoke Flemish
dialects, the French language was quickly adopted as an important cultural marker of the Belgian nation-building project. Language expressed social differentiation as much as it marked a geographical division. The unitary Belgian state space was created through the institutionalization of social and political conflict-mediating mechanisms in the capital. Brussels was also the place through which the Belgian space economy was inserted in international circuits of capital (Quévit and Aiken, 1978). Belgian francophone holding capital, which over time came to control a large part of Belgian industry, acted as a crucial vehicle for the centralization of political–economic relations in the capital (Cottenier et al., 1989; Kurgan-van Hentenryk, 1996; Oosterlynck, 2007). As its members were predominantly drawn from the wealthiest Brussels bourgeoisie families, a financial elite residing in Brussels controlled Belgian industrialization. The Brussels urban elite was hence embedded in the national political–economic elite and its accumulation and regulatory strategies. The Brussels bourgeoisie was effectively a Belgian bourgeoisie, often occupying important political mandates at the local and national level. Because the interests of Belgium and Brussels were articulated by the national elite residing in Brussels, they converged.

The forging of a scalar articulation between political–economic processes in Brussels and Belgium by the national–urban elite implied that the political and economic success of Belgium also led to urban growth in Brussels. This elite, perhaps best embodied in the political figures of Brussels mayor Anspach and King Leopold II, made sustained efforts to make the success of the Belgian national–colonial project visible in the Brussels urban landscape (Demey, 1990). Between 1860 and 1880, they transformed Brussels into a modern national-imperial capital by demolishing parts of the old city and replacing them with a symmetric vision of space with straight lines, monumental perspectives, prestigious residences and ordered squares. The rapid industrialization of Brussels and the exploitation of Congo by King Leopold II provided the resources to finance the redevelopment of Brussels.

This national–urban elite further consolidated its position and political project in the first half of the 20th century. When the second industrial revolution, from the 1930s onwards, provoked a gradual shift of the centre of economic gravity from the French-speaking Walloon region to the Dutch-speaking Flemish region and Belgian holding capital further centralized, a truly integrated Belgian economy emerged, with the Brussels-based holdings as its private command centre (Vandermotten et al., 1990; Kurgan-van Hentenryk, 1996). The economic exploitation of Congo was equally administered and controlled from Brussels, with the Brussels-based holding Société Générale controlling 70 per cent of the colonial economy by 1930. The holding entertained close links with the colonial political structure, further tying the national, colonial and urban interests together.

**THE GERMS OF DISINTEGRATION:**
**THE TERRITORIALIZATION OF THE LANGUAGE STRUGGLE AND REGIONAL UNEVEN DEVELOPMENT**

The first germs of the scalar disarticulation of the national–urban regime emerged in the first half of the 20th century. In the 19th century, a small Flemish movement fought a
liberal struggle for the recognition of Flemish language and cultural rights (Reynebeau, 1995). For a variety of reasons, in the first decades of the 20th century, this became a struggle for territorial–linguistic integrity (Murphy, 1988). The aim was to root out every trace of francophone presence on the Flemish regional territory and safeguard its linguistic integrity. Once the language struggle was territorialized, language politics broadened to ‘communitarian politics’ as language and ideological disagreements between the Catholics and Socialists, respectively dominant in Flanders and Wallonia, became increasingly intertwined. From the 1950s onwards, political issues were increasingly framed through the prism of the territorial–linguistic communities (Huyse, 1980).

In the meantime, the regional uneven geography of socio-economic development in Belgium also gave rise to centrifugal tensions, which the national–urban elite would find increasingly difficult to contain in the post-war period (Moulaert and Willekens, 1984). The Walloon region was characterized by a pre-Fordist industrial structure and socio-economic relations steeped in confrontational class struggle, led by a militant socialist movement (Mandel, 1963). The Flemish region remained for the most part rural and underdeveloped all through the 19th century and only started industrializing in the 1930s, and much faster in the 1960s, and developed a Fordist industrial structure. Its socio-economic relations were, due to its late industrialization and the dominance of the Catholic trade union, more cooperative. After the Second World War these two diverging regional socio-economic development trajectories were gradually embedded in a national Fordist mode of regulation centred on Brussels. However, the socio-political struggles waged around the establishment of the different elements of this Fordist mode of regulation led to a definite change in the relations of power within the Belgian, and for that matter also the Brussels, political economy (Mommen, 1982; Witte et al., 1997; Oosterlynck, 2007). The francophone Belgian holding bourgeoisie, whose investment policy had grown increasingly conservative, favoured an extensive model of accumulation, based on low wages and the export-oriented production of basic and semi-finished goods. This strategy was criticized by the upcoming ‘modernist’ fractions of the Belgian bourgeoisie, supported mainly (but not exclusively) by politicians, technocrats and trade unionists from the Flemish region (Mommen, 1982). They called for wages tied to productivity increases, the establishment of neo-corporatist bargaining and an investment support policy. Although a whole range of piecemeal steps were taken before and after the war, it was not until the early 1960s that a full-blown Fordist mode of regulation could be established.

But before the linguistic and socio-economic cracks would become so big as to finally unleash their centrifugal forces and break the national–urban scalar articulation, Brussels was the scene for a last celebration of national unity. The organization of the 1958 World Expo in Brussels at once signalled Brussels’ apogee as the socio-spatial core of Belgian political–economic space. Expo 58 became the emblematic embodiment of the socio-economic and cultural transformation of a city whose elites were still (but not for long) primarily articulated through national industrial–imperial–financial interests. It was set up as a moment of celebrating Belgian national unity, after the 1950s had witnessed the increasing but politically engineered convergence of the ideological and linguistic–territorial disagreements. The national–urban elite used Expo 58 to project the image of a modern and forward-looking, economically and technologically dynamic and unified nation to the world (Vanderwegen, 2003). At the same time, Expo 58 was used
as a vehicle to expand the Brussels conference and hotel infrastructure and speed up the modernization of its road infrastructure, making sure it was at the core of the emerging Belgian and international highway system (Aron, 1978; Demey, 1992). This paved the way for the transformation of Brussels into an important hub for the emerging international service economy.

THE SCALAR DISARTICATION OF THE NATIONAL–URBAN REGIME

The first crack in the unitary Belgian political–economic space appeared soon after Expo 58. The unexpected decolonization of Congo in 1960 hit the national–urban elite in Brussels extremely hard. Not only did it mean the end of their imperial ambitions, the francophone Belgian holdings also lost their main source of super profits. In 1955 the shares of the colonial companies made up 44 per cent of the total value of all stock-listed Belgian companies (Buelens, 2007). This event had knock-on effects on the position of Belgian holding capital in the Belgian economy. Soon after, they had to give up their resistance to the development of a Keynesian economic expansion policy, the last element of the Fordist mode of regulation that had not yet been put in place and that was necessary to overcome the tensions between the new Fordist norms of mass consumption and the outmoded pre-Fordist production structure. Holding capital suddenly found itself in a secondary role, with the modernist and largely Flemish-based fractions of the economic elite and multinational capital that increasingly invested in the Flemish region reshaping the Belgian socio-economic development trajectory along Fordist lines. Although Brussels remained the command centre of the Fordist national economy, the new political–economic leaders often did not originate or reside in Brussels. They consequently felt no special attachment to the city and in some cases, because of its history as the geographical centre of the francophone nation-building project, they even entertained latent hostility to it.

Apart from the weakening of its economic base, the position of Brussels at the socio-spatial core of the Belgian political economy was put under further pressure by the mainstreaming of federalism. In the early 1960s the Walloon regionalist movement, which emerged in response to the linguistic demands of the Flemish movement, was reinforced by large parts of the Walloon socialist movement who were frustrated about Walloon economic decline and felt marginalized in a Belgian state which they saw as increasingly dominated by Flemish interests. As Brussels-based holding capital disinvested from Wallonia, the Walloon regionalist movement turned its back on the unitary national–urban elite and fought for regional economic autonomy (Quévit and Aiken, 1978). This Walloon demand for economic regionalism was reinforced by the Flemish demand for cultural and linguistic autonomy. All this fed into the mainstreaming of federalism in the 1960s and signalled the end of the unitary Belgian francophone nation-building project. The position of Brussels as the preferred site for the symbolic and social reproduction of national unity equally came under attack, for example through the Flemish marches on Brussels in the early 1960s (Govaert, 2000). The combined erosion of the political and economic basis of the Belgian national political–economic elite residing in Brussels put the scalar articulation between Brussels and Belgian identity and interests under heavy
strain. Consequently, as federalization proceeded, what was the erstwhile the socio-spatial core of Belgium turned into its Gordian knot.

As the distinctively Belgian elite reproduced in the capital Brussels disappeared from the Brussels political scene, political–economic control over the Brussels space became initially strongly localized. A local elite coalition jumped into the political power vacuum and transformed Brussels into a centre for the international service economy, hence the urban expression of the national transition to Fordism. The Manhattan Plan to redevelop the Brussels Noordwijk into a central business district at the intersection of the two main European motorways was the most emblematic realization of this new localized elite (Demey, 1992; Vanden Eede and Martens, 1994). It was led by the bilingual Brussels Christian-Democrat politician Van den Boeynants and the local property developer De Pauw. Both were self-made men with extensive political and economic networks, but without membership of the Belgian Brussels-based holding bourgeoisie (Hirson, 1969; Willems and Ilegems, 1991). For almost a decade they were able to organize a consensus among relevant local public and private actors, including local corporatist networks, the press, the Belgian francophone nobility (important for financing purposes), construction companies and relevant national politicians, and mobilize the financial and political support to translate their urban vision into practice.

**BRUSSELS IN THE INSTITUTIONAL FRIDGE**

In 1970 an agreement was reached to decentralize the Belgian state (De Bruycker, 1989). However, this was only an agreement in principle and the position of Brussels as a separate region remained a major point of contention (Govaert, 2000). Many Flemish politicians did not consider Brussels as a separate cultural community, but as bilingual territory that was to be governed jointly by the two language communities. The Walloon movement at that time did not consider Brussels as an entity on equal terms with Wallonia and Flanders either. Apart from the socialist rejection of Brussels as the place of residence of the holding bourgeoisie, they conceived their relationship with Brussels mainly in terms of linguistic solidarity. The Gilson bills in 1962 and 1963 fixed the language border and installed linguistic homogeneity in every Belgian province, except for the Brussels area. These bills were highly significant for the position of Brussels, because of their determinate influence on Brussels’ current spatial form. The 19 core municipalities of Brussels were designated as the bilingual area. This restricted what was later to become BCR to the 19 communities on the basis of linguistic arguments. Brussels was put into a ‘spatial straightjacket’ that problematized its growth dynamics and the spatial reach of its urban governance system. A similar evolution occurred in the field of socio-economic cooperation, where the economic conception of a larger Brussels also lost out against the more restricted political–linguistic conception of Brussels (Blaise, 1998).

The contested socio-spatial position of Brussels in the restructured Belgian political–economic space following the scalar disarticulation of the national–urban project led to a search for a new definition of its identity and interests. This search was reflected in the electoral instability that plagued Brussels for two decades after 1965, which stood in marked contrast to the electoral stability in the Walloon and Flemish region. Central to the electoral instability was the remarkable popularity of the Brussels political party
Francophone Front (FDF) (Govaert, 2000). FDF was the immediate response from Brussels to regionalist threats and signalled the emergence of an autonomous Brussels political current, be it still strongly attached to the unitary Belgian state and therefore distancing itself from both the Walloon regionalist and Flemish nationalist movement. FDF transcended ideological and corporatist divides to ward off the external threat. It reached its electoral peak in the 1970s, with close to 40 per cent of the vote in the 1974 elections, but started losing votes after 1978, when an institutional solution for Brussels came closer.

In 1980, a compromise was reached on the modalities of the reorganization of the Belgian state into a full-blown federal state, but only by excluding Brussels from the agreement. Whereas the Flemish and Walloon regions were allowed to create their own government and parliament, Brussels was kept in the institutional fridge and governed by a ‘Brussels executive’ that was embedded in the national government, thus also missing out on financial resources for regions. Now that the Flemish parties had secured an agreement, their point of view on Brussels as a third region radicalized. Because integration of Brussels in Flanders or Wallonia was not an option, there were only two alternatives: a third region with the same statute as the other two regions or a region with a special statute governed jointly by the two language communities, thus denying Brussels autonomy. The Flemish position during the 1970s and 1980s was close to the latter, whereas the Walloons were closer to the former. The Walloons hoped that linguistic solidarity between the Walloon and the Brussels region would help to counter Flemish power within the Belgian state.

It took another nine years before a definitive solution was found for Brussels. In 1989 the Brussels Capital Region was created as the third Belgian region, with a highly complex political configuration (for cultural and linguistic matters Flemish and francophone institutions remained responsible), but with the same financing mechanisms and responsibilities as the other two regions. The Flemish had to concede on the latter, but were able to permanently fix the territory of the 19 municipalities as BCR territory. In other words, the scalar and spatial basis for Brussels was definitively put into a straight-jacket, which meant that a major part of the urban growth machine fell outside the political–administrative boundaries of the BCR institutions.

EPILOGUE: A DISMAL POLITICAL WORLD CITY

The historical process of scalar disarticulation described above has produced a fragmented and glocalized political configuration, which despite its political and economic internationalization remains spatially and institutionally ‘embedded’ – if not trapped – in the Belgian federal structure. The decentralization of the Belgian state clearly unfolded at the expense of Brussels political power. As a largely francophone (albeit officially bilingual but increasingly multilingual and cosmopolitan) city surrounded by Flemish territory, the BCR institutions have virtually no control over the city-region’s most dynamic growth areas and its expansion is severely curtailed. Its complex scalar gestalt, with co-governance for cultural and person-related affairs by Flemish and francophone institutions, implies enduring and unproductive conflicts (played out in the BCR institutions) over the imagination and institutionalization of Brussels between actors
with conflicting interests and strategies and often no real interest in the overall socio-economic development of Brussels.

The current BCR institutional configuration, and the political elite occupying it, are too much steeped in the scalar politics played out in the Belgian state space to be capable of unlocking the actual socio-cultural diversity that exists in Brussels. As many Belgian middle class residents suburbanized and were replaced by migrants and as corporate headquarters and European and other international political institutions set up shop in Brussels, its population effectively internationalized. Consequently, a growing number of Brussels residents have no Belgian roots and identify themselves neither as Flemish nor as francophone Belgian. The BCR institutions fail to tap into the political energies and skills of this internationally diverse population and channel them into the construction of a new political elite that can harness the economic dynamics of Brussels to the benefit of its own population. The political elite in Brussels, those occupying its formal governance institutions, are not ruling the city. They fail to form a coherent and locally embedded elite coalition that articulates a Brussels accumulation strategy with social development and a large-scale urban vision. To end on a more positive note, however, in recent years new attempts have been made to reimagine Brussels interests and identity and align them more closely with the actually existing diversity of urban life in Brussels. Several civil society initiatives, among them Aula Magna, Citizens’ Forum of Brussels and Brussels Manifest, have emerged to do just that. Time will tell whether the city from which Europe is ruled will be able to nurture a new scalar gestalt that will help to overcome the paradox between its economic dynamism and social polarization.

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NOTES

1. The Brussels Capital Region consists of 19 municipalities, but is only the core of a much larger urban agglomeration including at least 36 municipalities (Van Wynsbergh et al., 2009). In this chapter I will use ‘Brussels’ to refer to the larger urban agglomeration and ‘Brussels Capital Region’ (BCR) for the (smaller) institutional-administrative entity.
2. The position of Brussels is relatively stable over time. In 1986 and 1996 Brussels occupied the second position in the list of top performing regions in terms of GRP per capita in Europe (European Commission, 1999). In 2004 it occupied third place (European Commission DG Regional Policy, 2007).
3. The ‘labour active’ population is the number of people between the ages of 15 and 64 that are either employed or actively seeking employment. In 2007, 65 per cent of the Brussels inhabitants were labour active (Corijn and Vloeberghs, 2009).
4. In Belgium the poverty line is fixed at 775 Euro a month for a single person and 1.627 Euro for a family with two children (Beghin, 2006).
6. The ‘minimum income’ is the income Belgian citizens can receive from local Public Centres for Social Welfare if they have no other source of income or an income that is below that of the minimum income. In
the majority of cases, this ‘minimum income’ (‘leefloon’ in Dutch) is below the ‘poverty risk line’, which is determined at 60 per cent of median income in Belgium.

7. The language of the Flemish region in the North of the country is Dutch, whereas the Southern region, Wallonia, speaks French. Because of its role as capital, Brussels gradually frenchified. It became a largely francophone city surrounded by Flemish territory.

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