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## **Taking Care of Policy in Times of Crisis: Comparative Lessons from Belgium's Longest Caretaker Government**

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## Taking Care of Policy in Times of Crisis:

### Comparative Lessons from Belgium's Longest Caretaker Government

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#### Abstract

When the financial crisis hit the Eurozone, Belgium, along with several other countries, postponed its consolidation policies until after the general elections. What followed was the longest caretaker rule that any stable democracy had ever experienced. This article analyses the phenomenon of policy continuity and change during this double crisis. It illustrates how the exogenous economic crisis overrode the endogenous political crisis, showing the extent to which international policy determinants expanded the remit of caretaker policy-making. At the same time, our analysis of the nature of caretaker conventions, the nature of multi-level governance, the permanence of administrative personnel, and the re-invention of parliament offers opportunities to draw lessons and deepen comparative research on policy termination and maintenance in the face of crisis.

**Key words:** crisis, policy change, caretaker government, Belgium

#### Introduction

In 2011, Belgium made it into the Guinness World Records for the longest period a country governed without an elected government in peacetime. While prolonged government

formation is not uncommon in consociationalist countries such as Belgium and the Netherlands (Van Aelst and Louwse 2014: 492), the coalition negotiations of 2010-11 in Belgium lasted unprecedentedly long. It took no less than 541 days before a full-powered government was established. Moreover, its functioning took place during one of the deepest global financial crises in decades. The coincidence of an endogenous political crisis with an exogenous financial crisis provides an interesting research background for comparative policy analysis. Theories may speculate about what happens to policy-making when one level of government fails, the Belgian experiment reveals what actually happens in this situation.

In this contribution, we attempt to decode this exceptional case of policy continuity and change in times of crisis in the language of comparative policy analysis, using concepts of policy change. Our analysis of policy change on a continuum of policy termination and innovation demonstrates how the financial crisis challenged the caretaker government's disposition towards preserving the status quo, thus imposing a mandate for change upon a government whose mandate it was to have as little change as possible. It illustrates the reach of international determinants of policy-making, even into the heart of domestic democratic breaks on policy change. At the same time, our analysis highlights how the nature of multi-level governance, the characteristics of the civil service system, and the re-constellation of parliamentary veto-players amalgamated into a set of conditions that were conducive in ensuring that necessary policy measures were adopted to stave off system failure. These conditions provide grounds for comparative lesson-drawing.

The article starts with a section on the case study and method, after which we discuss the theoretical concepts that informed the description and explanation of policy continuity and change under caretaker rule. In the actual analysis, we firstly describe the size of the endogenous political and the exogenous global crisis that hit Belgium in the period 2010-2011. Next, we discuss policy change during caretaker-rule on a continuum between policy

termination and innovation. We further attempt to explain the drivers of change, by analysing three particular conditions: the role played by other levels of government, the importance of continuity of political and administrative personnel, and the re-invention of Parliament. The article concludes with lessons from the Belgian case and some directions for further research.

### **Case study and methods**

In his article ‘Consociationalism, corruption and chocolate: Belgian exceptionalism’, Guy Peters (2006) emphasised the singularity of Belgium as a locus for comparative research. According to Peters, Belgium is a particularly interesting case for understanding the capacity to govern, given the many barriers that exist to limit that capacity. ‘The expected outcomes from a federal system in which the choices being made are politicized very strongly, and in which preferences for different types of services are also markedly different, are the lowest common denominator, or no decision at all....’ Yet, Peters found that the ‘Belgian political system appears capable of making those decisions’ (1085). Faced with its longest political gridlock ever during a time of financial meltdown in the Eurozone, the Belgium vacant government situation presented the international media and scholarly community with a quandary of understanding how Belgian policy-making produced an equilibrium between policy continuity and change.

Much like Peters’ coalescence of factors that described Belgium’s policy-making in normal times, we set out to identify the factors that combine to explain policy-making in abnormal times. At a time and situation which seemed least likely to produce any policy outcomes at all, given the prolonged absence of a full-fledged government, and the restraints imposed by caretaker conventions, the caretaker government maintained the policy status quo as well as effected policy changes of varying degrees. What are the factors that produced

policy continuity and change at a time when government failure was not easily remedied by the usual comity in which party elites engage? In answering this question, this article seeks to decipher this unique case in the language of comparative policy analysis.

Our study is a qualitative single case study. Single cases are justified when dealing with ‘complex and relatively unstructured and infrequent phenomena that lie at the heart of the subfield’ (Bennett and Elman 2007: 171). Studying policy continuity and change is complex, and given the duration of the crisis policy-makers faced, the case we study is also unprecedented. Equally, we argue that issues like policy continuity and change lie at the heart of comparative policy analysis, and align with empirical and normative concerns about effective governance.

Our case study does not derive from a formal research design, but from an attempt of three sympathetic observers to deconstruct the unique Belgian puzzle that faced the international community of policy scholars. Our case was thus primarily, as Stake says ‘defined by interest in an individual case, not by the methods of inquiry used’ (2003: 134). Leaving aside an orthodox variable oriented approach, and a rigorous test of a set of theories, we used a qualitative case study to provide a nuanced and holistic account of a specific phenomenon. This is not to say that we just let the facts speak to us or that our account is a-theoretical (see Pollitt and Bouckaert 2009: 190-192). Rather, we argue that our case study is theory-informed and implicitly comparative (Bennett and Elman 2008: 505-506).

This contribution relies upon exclusive data material, collected during and until 18 months after Belgium’s prolonged caretaker rule. In addition to document analysis of legal texts, parliamentary proceedings and newspaper reports, input was collected via semi-structured interviews with privileged informants. Two interview rounds were organized: one during the period of caretaker government in May/June 2011, with six elite respondents; and

one during the subsequent full government, in March/April 2013, with four elite respondents. The same three interviewees were questioned in both rounds. Interviews lasted between two and three hours. We interviewed elites from the administration (Inspectorate of Finance, Ministry of Social Affairs), from the political arena (a party leader with a prominent role in the government formation negotiations, and political advisors from the ministerial cabinets of the Minister of Economics, the Minister of Pensions, and of the Treasurer), and from the media (one of the most prominent political observers). Together, our respondents provided a fulsome inside perspective on policy making in crisis times, allowing for a triangulation of evidence and a critical check upon accepted narratives in media and politics. In our questions we inquired about the nature and impact of policy continuity and change generally and specific to certain policy domains. Moreover, we inquired about the configuration of institutional and actor related factors producing continuity and change.

### **Theoretical concepts and lenses**

As mentioned above, our case study is theoretically informed and implicitly comparative. Theoretical concepts serve as inputs for our case description of policy-making under caretaker rule. We equally draw upon several bodies of literature and empirical research to explain the configuration of conditions that were conducive to the kind of policy continuity and change produced under caretaker rule. We further contend that several of our findings are relevant for comparative lesson-drawing, particularly so for the design of caretaker conventions, but equally speaking to multi-level government designs and the definition of roles and procedures for the administration. In support of analytical descriptions and the search for explanations, we turn to literature on the nature and consequences of caretaker government, theories on types and drivers of policy continuity and change, and research on policy-making in multi-level government.

### *Caretaker government conventions*

The literature on caretaker governments is scarce and only recently has there been an uptake in comparative research and lesson-drawing on the nature of caretaker conventions (McDonnell and Valbruzzi 2014; Schleiter and Belu 2015). Three distinctions are relevant for our analysis. The first distinction emerging from the literature is one between a caretaker government and a technocratic government. Technocratic governments have a mandate for change, whereas the remit of caretaker governments is explicitly limited. During the financial crisis several countries in the Eurozone were governed by technocratic governments to push through major policy changes (McDonnell and Valbruzzi 2014). Belgium was ruled by a caretaker government and not a technocratic government, and its scope for policy change was limited. A second distinction reminds (Schleiter and Belu 2015: 229) us that the type of caretaker period we study is the one between a general election and the formation of a new government, and not the periods from parliament's dissolution to a general election, or when an incumbent government loses a confidence motion. The third pertinent distinction clarifies the nature of caretaker government conventions as both the enablers of policy continuity and the barriers to policy change. (Schleiter and Belu 2015: 231-2, referring to Laver and Schepsle 1994) point out that comparative caretaker conventions have converged on two main principles. The first principle argues that caretaker governments are not predisposed to resignation as they reign to ensure that a country is never without a functioning executive. The second, principle is that caretaker governments restrict themselves to preserving the 'policy status quo' (Laver and Schepsle 1994: 292, quoted in Schleiter and Belu 2015: 231), thus abstaining from decisions that inappropriately burden the incoming government. The first principle guarantees policy continuity in matters that were in place when the outgoing government lost its parliamentary basis, the second principle rules out new initiatives.

Schleiter and Belu (2015: 231) further clarify that when caretaker periods are short, caretakers can simply defer significant decisions until the next government takes over. When caretaker periods are prolonged, situations will arise in which decisions ‘*cannot simply be deferred* (231-232)’ and thus policy change is necessitated. While this is not the case for all variants of caretaker conventions, the Belgian conventions allow for urgent matters to be attended to.

What is deemed major policy initiatives and urgent matters is not always clear-cut in caretaker conventions. Rules as institutions are not cast in stone and will be up for interpretation when situations and actors combine to challenge them. We will argue that this is exactly what happened: the exceptionally long duration of the caretaker government, together with the financial crisis and the configuration of actors relaxed Belgium’s caretaker conventions to the extent they facilitated policy change.

### *Nature and drivers of policy change*

While the literature on caretaker governments is scarce, that on policy change is rife with useful concepts to describe and interpret policy continuity and change under caretaker governments. From the perspective of Hogwood and Peters’ (1983) policy dynamics, Belgian caretaker government conventions prevent policy termination, allow for maintenance and constrain innovation. In Hall’s terms (1993), the accepted preservation of the status quo gives room for routine adjustments to existing policies (first order changes). Also second order changes should in principle be possible, when policy instruments are altered to achieve the set goals of the outgoing government. But third order changes, which would shift policy goals are clearly at odds with caretaker principles. In our analysis, we will to some extent draw upon these types of change to understand the decisions for routinely preserving the status quo



as well as slight and substantial alterations. But we agree with Pollitt and Bouckaert (2009: 7) that grading particular policy changes as ‘big’ or ‘small’, or ‘paradigmatic’ or ‘incremental’ is ultimately a matter of judgment by observers’,... ‘as there is an inescapably socially constructed dimension to policy change’. Our qualitative description and interpretation indicate whether or not policy decisions did or did not agree with policy continuity under caretaker rule.

Next to offering us the analytical language for describing and qualifying policy change, the literature also suggests a number of candidates for explaining the kind of policy changes we observe. In normal times, policy-making in Belgium has traditionally been described as incremental, due to the presence of many veto-players. In some domains, however, the succession of incremental changes has been understood to combine to equate to substantial policy alteration in time. The Belgian state’s gradual transformation from a unitary into a federal state is a case in point.

Also the much acclaimed and widely applied punctuated equilibrium theory of Baumgartner and Jones (1993) has found resonance in research on policy-making in Belgium. In their study of Belgian policy agendas, Walgrave and Vliegenthart (2010) found evidence of friction (next to cascading). We will argue that friction and delayed error correction can also explain the more substantial policy changes that were instigated under caretaker rule, particularly when we combine these concepts with Birkland’s concept of focusing events (1998) as did Walgrave and Varone (2008) in their article on policy change following the Dutroux scandal in Belgium. In our analysis, we will show how caretaker conventions kept policies stagnant and thus provided an institutional barrier to policy change, rather than a cognitive one that is often called in to explain stasis. We will also demonstrate how the financial crisis, as a focusing event, together with pressures from Europe managed to lift this institutional barrier to facilitate error correction.

### *Moving away from the center of government*

Guy Peters claims (KU Leuven, 03.02.2015) that when government fails, analysts tend to keep a narrow focus on the center of government and thus may be blinded for the reconfiguration of actors who might or might not contribute to effective governance. Moving away from the center of government, our inductive analysis of agents of continuity and change during caretaker government points at the reinvention of parliamentary actors as well as at the role of the administration and other levels of government. The literature on parliamentary-executive relations provides us with the concepts to describe the reassertion of parliamentary actors as a temporary move away from the moderately weak parliamentary rubberstamping tradition (Deschouwer 2009; Van Aelst and Louwerse 2014). Otherwise docile MPs became active agents in legislative policy change. Research on politico-administrative relations (Brans et al. 2016) in turn helps us to clarify how the permanent civil service ‘served’ as the de facto guardian of policy continuity and intervener in policy changes at the level of implementation, an often forgotten site of policy change. Finally, explaining continuity and change under caretaker rule requires a consideration of other levels of government. Yet, this is complex to outline. We will show that the kind of bipolar centrifugal multi-level-government arrangement (Brans et al. 2009) within Belgium can paradoxically account for both the length of the governing crisis and the mitigation of its negative consequences. The success of the Belgian Presidency of the EU under caretaker rule in turn cannot be explained without reference to the kind of collaborative federalism in which otherwise competitive regional and federal administrations interact within the European policy-space (Beyers and Bursens 2006).

## **Endogenous and Exogenous Crises Combined**

### *Endogenous political crisis*

In 2006, Peters (1088) saw two signs of the political crisis that was to embroil Belgium later that decade. The strength of Flemish Nationalist parties and the divergence of party systems in the two segments of the country were ‘reducing the degree of symmetry and compatibility among coalitions ruling at the different levels’ of government (De Winter et al. 2006). The June 2010 federal elections indeed resulted in a very fragmented party landscape, with twelve parties gaining representation in the federal parliament. On each side of the language border, a clear winner nonetheless emerged. On the Francophone side, the Socialist Party gained 37.6% of the votes (Chamber of Representatives). On the Flemish side, the conservative Flemish Nationalist Party (N-VA) was the uncontested winner, with 27.8% of the votes. The power balances between the regions not only radically changed, but also existing divergent trends were strengthened. Ideologically, the party system in Flanders is dominated by right-wing political actors, whereas at the French speaking side, left wing political priorities reigned (Abts et al. 2012).

These discrepancies were reflected in conflicting oppositions between the winning parties on major issues in the coalition negotiations. First, the parties clashed on the constitutional reform of the Belgian federal state, including the electoral redistricting of a bilingual constituency and the revision of the financing of the communities, regions and federation. Second, the classic left-right divide at the negotiation table prevented agreement on pressing socio-economic issues, such as work and pensions. The Flemish nationalist N-VA eventually left the negotiation process in disagreement with the ultimate draft agreement, which eight other parties had agreed to (Abts et al. 2012).

During this long political crisis, an official, fully mandated government was absent. In parallel of the caretaker government, political party leaders were involved in lengthy

negotiations, whilst behaving as a constituent government, paving the way for a new constitutional setting of the Belgian institutional architecture. In our analysis, we focus on the caretaker government, or the government of ‘current affairs’, as it is called in Belgium, rather than on the emergent constituent government.

### *Exogenous financial crisis*

The political gridlock in Belgium coincided with the financial crisis in the Eurozone. Belgium suffered significantly, as is evidenced by three economic indicators (see Stroobants et al. 2013).

First, the debt level reached almost 100% of the GDP. Problems in the banking sector demanded public interventions, and operations to stabilize the financial system, contributing further to this high debt level. This made the Belgian public sector extremely vulnerable to market pressure. A second indicator was the Belgian inflation rate, which generally followed the trend in the euro area. In 2010, however, Belgium reached an annual average of 2,3%, compared to 1,6% in the euro area. Thirdly, the 10-year interest rate was severely affected by the sovereign debt crisis. In November 2011, in the midst of the political crisis, the spreads between Belgium and the German 10-year government bonds reached no less than 366 points. The magnitude of the financial crisis and the difficulties in the banking sector combined to trigger the major credit rating agencies to consecutively downgrade Belgium’s rating . Also the country’s political crisis was a factor in the credit rating agencies’ decisions. According to Standard and Poor, for instance, the caretaker government was ill-equipped to deal with the financial crisis (Stroobants et al. 2013: 7).

### **Policy Termination and Innovation in Times of Dual Crisis**

The nature of Belgian caretaker provision is such that they principally prevent both policy termination and policy innovation. Our analysis shows that the provisions were relaxed for policy change under predominantly exogenous pressures.

*Caretaker provisions against policy termination and innovation*

Unlike the caretaker conventions in Greece, Portugal, and Denmark (McDonnell and Valbruzzi 2014), existing conventions in Belgium have no foundation in the Constitution. They emerged from customary law, but are legally enforceable by the Supreme Court. Any administrative act that breaches the conventions risks being cancelled or suspended.

As for the 2010-2011 caretaker period, the contours of the caretaker conventions were specified in a two-page long circular prepared by the Prime Minister's Services and issued the very day the King accepted the resignation of government (26<sup>th</sup> April 2010). This circular was quickly followed by a second one, this time prepared by services of the Minister of Budget, and approved on 7<sup>th</sup> May 2010 by the Cabinet. The guidelines stipulated in both circulars reconcile the need for a continuity of current affairs, with the need to safeguard the fundamental interests of the nation.

In view of continuity, the circulars explicitly aim to prevent policy termination, by requesting the uninterrupted conduct of official business. This includes the continuation of daily administrative management, necessary for the work of government services; the continuation of tutelage; and the conclusion of matters that do not require new initiatives of the Cabinet. Policy innovation is in principle ruled out since committing to significantly new initiatives is the prerogative of the incoming government.

Neither should the caretaker government encroach upon the incoming government's right to appoint and promote public managers. Any decisions resulting in personnel changes were to be implemented with prudence. Except for urgent matters, appointments at the top

were indeed put on hold during caretaker periods. In the same spirit of safeguarding 'budgetary discipline and prudence regarding new expenditures', the caretaker rules strengthened the administrative and budgetary control of expenditure. Expenditures that in full government are decided by individual ministers and public managers now needed to be tabled at Cabinet meetings, after having received clearance by the Inspectorate of Finance and the Treasury. Under caretaker rule, the thresholds for expenditures to pass through a more lengthy procedure of administrative and budgetary control were significantly lowered, and most expenditures on contracts, subsidies, and regulations were strictly tested for compliance with the definitions of continuous business and urgent matters. As it turned out, this cautionary principle on expenditures contributed to actual budgetary savings. This was a positive side effect, considering the financially precarious times. As for the budget, caretaker regulations set in place a system of what is called 'provisionary 12th's'. This system provides the caretaker administration with the finances to continue its business in attendance of a new budget: government services receive the same budgetary appropriations as they did in the earlier year, generally allocated per three months by special Finance Laws. These provisions mean that a government deadlock, or such shutdown as the one that threatened the US in 2013, is unimaginable in the Belgian context (Hooghe, 2012).

With regards to urgent matters, formal provisions are very limited and restricted to the generic stipulation that 'urgent matters need to be tended to in a prompt way, because otherwise the fundamental interests of the Nation ... might be at risk, or damaged' (Kanselarij Eerste Minister, 2010. Own translation). Caretaker conventions are assumed to stay in place, as long as there is no new government duly appointed by the King. Obviously, at the time of issuing them, no one was able to predict they would have to apply for as long as 541 days. As acknowledged by all our interviewees, the conciseness of the caretaker conventions turned out to be their major strength. Particularly given their loose description,

the concepts of continuity and urgency left room for discretion and interpretation, and for adapting to external pressures.

#### *Relaxing caretaker provisions for policy change*

As it happened, the longer the political crisis lasted, the more pressing issues became, and therefore required government action. International and global pressure played an important catalyst function in demanding policy change during the caretaker period. The most striking example was the Parliament voting a budget in May 2011. Having a budget approved under caretaker rule was thus far unseen in Belgium's history. The vote was publicly defended as an attempt to restore trust vis-à-vis the financial markets and the rating bureaus. Similarly, when the European Commission requested the Belgian caretaker government to take measures for the consolidation of public finances, new initiatives were launched. Belgium exceeded the deficit thresholds of 3% of deficit to GDP and 60% of debt to GDP, that were imposed by the European Stability and Growth Pact, and anchored in the European Treaties. With some delay, Belgium took effective action to avert the risk of not meeting the deadlines of 2011 and 2012 to correct its excessive deficit. The caretaker government submitted the 2011 and 2012 Stability Programme updates to the European Commission. The stability programmes combined saving and revenue generating measures, such as levies from nuclear energy producers and from banks and revenues from curbing tax evasion. Also the 2011 and 2012 National Reform Programmes were submitted in caretaker times (Council of the European Union, 2012).

In sum, the provisions mentioned in the circulars were exploited to their full potential. The appointment of a new head of the National Bank is another example. Whilst not compatible with the accepted view on what a caretaker government should and can do, this appointment was framed as part of the revision of the supervision structure of the financial

market in reaction to the global financial crisis. Also for purely domestic matters, the cautionary principle was stretched. For several programmes, exceptional prolonging was decided. This was the case for some subsidies that expired during the caretaker period. Examples include subsidies for prevention workers, active in the cities, and the extension of contracts for scientists employed in interuniversity attraction poles, a kind of excellence financing. These extensions of subsidies were arguably extensions of earlier engagements, and thus business as usual or maintaining the status quo. However, the competences of both preventive city policies and science policy were possible candidates for transfer to the regions. This implies that extending these federal programmes under caretaker government was not politically neutral, and thus produced potentially contentious cases of policy change.

There are also clear domestic cases of policy maintenance, in which new expenditure was allowed as an exception to better tackle earlier set goals. The Federal Service responsible for hosting asylum seekers, for instance, was granted the financial possibility to expand the room for shelter. Also within the welfare envelope, new expenses were approved, targeting mainly retired people and people with disabilities.

While the caretaker provisions broadly guaranteed the continuity of policy programmes, considerable dead weight remained in a large range of policy domains. In nearly all policy domains, several decisions and implementation of policy goals and means experienced delays due to the long caretaker period. Concerns were raised in the media and Parliament with regards to decisional delays of various eGovernment projects, the funds for victims of medical errors, the implementation of smart checkout systems in pubs and restaurants to track fraud, the restructuring the emergency services, to name but a few examples of an extensive list. Policy maintenance by a revision of policy instrument logic (Howlett and Cashore 2009: 39) was neither an option in several domains. The non-take-up of green loans that grant beneficial interest rates and tax cuts for investments in renewable



energy is such an example in which the government could not calibrate the policy instruments to enhance effectiveness (Brans 2012).

More fundamentally, proactive longer term policies to deal with the main challenges ahead could not be taken. The impact thereof was perhaps not immediately tangible during the caretaker period, but became more apparent 1.5 years after the new government took office. The list of pressing issues on the agenda of the duly installed government was long. True, once in power, the government promptly took important decisions about issues that had been left unsolved for too long. Substantial measures were taken with regard to work and pensions, the accelerated naturalization of immigrants, and the closure of nuclear power plants, to name but a few examples of policy innovation with new goals and new objectives. Similarly, the government successfully proceeded with one of the biggest innovations to Belgium's constitutional foundations: the sixth round of state reform. To some extent, the time wasted with long negotiations, was hence caught up with, and substantial policy change comprised major breakthroughs in tension laden issues. Yet, a lot of time and effort was needed still to compensate for the exceptionally long caretaker mode. At the end of May 2013, Belgium narrowly escaped a European fine for not taking enough targeted measures for strengthening its public finances. Instead, it received a list of recommendations. Olli Rehn, European Commissioner for Economic and Monetary Affairs accepted that Belgium had not been able to take the necessary measures in caretaker mode (European Commission, 2013).

### **Resilience by the Nature of Multi-level Governance, Permanence of the Government Personnel and the Reinvention of Parliament**

The stretching of caretaker provisions in the face of exogenous and time pressures alone does not fully explain the nature of policy change during Belgium's longest caretaker rule. It is

equally important to consider three conditions that were conducive in ensuring continuity and change. These conditions relate to the institutional actor constellations in multi-level governance, the permanence of government personnel, and the re-invention of what Zohlnhöfer (2009: 104) considers the most relevant veto-players for the analysis of policy change, the legislators.

### *Multi-level governance*

Although the federal government still carries important competences, its multi-level governance setting, with a federal constitutional structure and a strong pro-European consensus (Hooghe, 2012), attenuates the risk of government shutdown, whilst at the same time creating opportunities for policy change.

First, following the division of competences into a federation, the policies to be taken care of by a single level of government have significantly decreased. An increasing number of policy domains have indeed been transferred to Belgium's regional levels. On top of this, it is estimated that up to fifty per cent of the federal policy space involves the execution of European regulations, and transposition of European directives (House of Commons Library 2010). This implies that, under the practice of continuity of European commitments, many programmes in the federal policy space were guaranteed implementation during the political crisis. The Belgian Presidency of the Council of the European Union during the last half of 2010 is another clear example of policy continuity under multi-level governance. As the preparations of this Presidency had started before the interregnum, it was considered to fall under the scope of current affairs. A whole apparatus of federal and regional civil servants specially recruited at both the regional and federal levels, and negotiating mechanisms supported by a highly reputed diplomatic corps, had paved the path on which the caretaker government could tread (Brans 2012). Despite the domestic challenges Belgium faced at the

time, its 2010 EU Presidency was considered a success, measured by its legislative and non-legislative output. Ironically, the domestic problems contributed to this success. In some government departments, as we were told by our interviewees, there was frustration among civil servants about the lasting political crisis. The EU Presidency was a welcome distraction and created a lot of opportunities. Given the lost political legitimacy, the strategy was therefore also to focus on administrative, rather than political leadership in the Council (Beke, 2011).

The division of powers largely averted the risk of complete government failure (Bouckaert and Brans 2012). The community and regional governments remained in full power during the political crisis at the federal level. This also applied to the EU Presidency. The collapse of the federal government did not stop the regional and community governments from having legitimised chairmanship over certain council formations, and guaranteeing continuity to a substantial degree (Beke, 2011).

Moreover, when government action was needed, the supranational level promoted policy change, as seen with several instances whereby the European Union prompted action. The approval of a budget, unique in Belgian caretaker times, is one example. In addition, Belgium was required to submit a multi-annual budget for the reform programme Europe 2020 and the Stability Pact. The multilevel system thus inherently involves some checks and balances for government failure. The supranational level's pressure for error correction was stronger than usual in the 2010-2011 political crisis, particularly because of the latter's coincidence with the global financial crisis. Several of our observers agree that the financial crisis prompted policy change as well as accelerated the talks in forming a new government coalition. The credit downgrading towards the end of 2011 and beginning of 2012, and the fear that these would drive up Belgium's borrowing costs, were major factors in compelling the conclusion of a government coalition (Stroobants et al, 2013: 7). From this, we dare to

posit that the global financial crisis, together with the EU's vigilance forced Belgium's hand in solving its political crisis.

At the same time, it is clear that the multilevel system encumbers the strict application of the cautionary principle, underlying the rationale of caretaker conventions (Hooghe, 2012). Respecting international obligations is considered to be business as usual. The more international obligations, the more government action is inevitably needed during caretaker times. But the distinction between the continuation of existing policy in the strict sense and the development of new policy initiatives is blurred. Particularly in drafting multi-annual budgets and implementing EU directives the incidence of policy discretion and thus the opportunities for policy change are not unimaginable (Brans 2012).

#### *Permanence of political and administrative personnel*

Unlike in the US, the Belgian administration remains in place after new elections. The personnel factor is hence an important additional safeguard against policy termination during caretaker periods. This applies to administrative personnel both at the top and at lower levels. Managers at the apex of the federal administration are appointed on the basis of a mandate with a fixed term of 6 years, which exceeds the 4 years of a government term. The duration of civil servants' contracts thus makes them less dependent on government cycles, and enables them to secure the continuous implementation of current policies. Yet, the long duration of the caretaker mode, and the lasting hold on new appointments, did attenuate this positive effect to some degree. Some government services had to make do with 'interim managers', whose appointments were put on hold during the caretaker period. Although the daily operations of these services were never threatened, interim managers missed the perceived legitimacy and authority to exert their powers to the full. For positions lower down the hierarchy, ministerial appointments were not needed. Their powers were not affected by the

caretaker mode. Neither did the fiscal crisis tremendously affect continuity in public service. Research among 61 organizations at central government level revealed that hiring freezes was the most common cutback measure in response to the fiscal crisis. In contrast, staff layoffs, pay cuts and pay freezes were rarely observed (Troupin et al. 2015: 18-19).

Next to the administrative personnel, a majority of the ministers' personal advisors remained in place during the political crisis. In the Belgian politico-administrative system, ministers are entitled to employ a ministerial cabinet, consisting of personal advisers who the minister appoints when taking office, and who do not belong to the administrative hierarchy. Belgian ministerial cabinets are relatively large by international standards and have a considerable impact on Belgian policy-making (Brans et al. 2016). Their functions range from assisting the minister in identifying and formulating problems, to outlining policy, and assisting in everyday policy making. Usually, when government members exit, their personal advisors follow. The exodus from these ministerial cabinets during caretaker period was relatively limited. Our respondents in ministerial cabinets estimate that these interfaces were reduced to between fifty and eighty per cent of their normal occupancy. Ministers of the Liberal parties lost most advisors in the immediate aftermath of the 2010 elections, as the Liberals' electoral loss initially made their return to power very unlikely. Also the nature of their recruitment and their commitment to the public cause influenced the extent to which personal advisors remained in office. Civil servants on secondment in ministerial cabinets were reported not to be in a hurry as their return to employment in the administration was secured. By comparison, people recruited from outside the administration were more likely to leave. From our interviews, furthermore, it appeared that many top political advisors, such as the chiefs and vice-chiefs of ministerial cabinets remained there because of public service motivation or dedication to the public cause (Brans 2012).

### *Parliament's action during caretaker times*

While the government negotiations lasted, the federal parliament convened. The caretaker rules did not restrict Parliament's action, only the Executive's. This time, parliamentary dynamics was not circumscribed by the compelling force of a coalition agreement, and in principle, it was also free from the majority-opposition logic.

Traditionally, Belgium is characterized by a strong dominance of the executive over parliament. In normal times, parliamentary initiative is constrained by the executive in two ways. The coalition agreement determines the zone of influence of individual ministers and MPs alike. Second, parliamentary initiative is almost nil in regular times, controlled as it is by a majority-opposition logic and strong party discipline. New legislative initiatives rarely come from MPs, and when they do, they have to be first approved by the parties within the ruling coalition (Pilet 2012). Not restricted by any coalition agreement, parliamentary initiative during the last and longest caretaker period deviated from the usual (Van Aelst and Louwse 2014).

When it became apparent that the caretaker situation would not be over soon, not only urgent draft legislation initiated by the caretaker government itself was voted , but also a considerable number of parliamentary proposals were initiated (n=2100) and voted (n=67) (Gaukema 2012). Interestingly, while the incumbent caretaker coalition still had a majority in the two chambers, the voting behaviour revealed no dominant pattern of coalition building. Some issues were indeed voted on along the lines of the caretaker government composition, other votes involved parties coalescing along other cleavages (left/right; Francophone/Flemish) or they involved opposition parties that were partners in the negotiations. Some issues, such as the participation in the war effort against Libya, were even voted with exceptional unanimity. Two qualifications should be made here. First, despite the caretaker mode, parties remained extremely cohesive. Vote dissension was still unusual,

given the system of strong party discipline of Belgian politics (Pilet 2012). Secondly, as our interviewees confirmed, several of the parliamentary initiatives masked initiatives of the caretaker coalition. In normal times too, executives may resort to parliamentary initiative to avert criticism or buy time (Swenden 2004). When the Belgian caretaker government resorted to Parliament, it was to win time, given the uncertain duration of the government formation, and fend off criticism of breaching care-taker breaks on policy innovation.

At any rate, it is clear that the caretaker period made room for a reinvention of parliamentary dynamics, and created more leeway for parliamentary initiative. A year and a half later, however, parliamentary dynamics appeared to have returned to its former vitality (Van Aelst and Louwerse 2014).

## **Conclusion**

In their comparative analysis of fiscal consolidation policies in Europe, Kickert et al. (2013) classified Belgium in the cluster of continental European countries where the economic crisis was met by relatively moderate economic recovery packages. In these countries, cutback decisions were postponed until after the general elections, and thus coincided with multi-party coalition negotiations. In Germany, the coalition was swiftly formed, while in the Netherlands coalition formation took about four months. In Belgium, postponing cutback decisions until after the elections proved a serious leap into the dark.

The 2010 federal elections in Belgium had marked the growing divergence between the two regions. Two parties, the conservative Flemish Nationalists and the Walloon Socialists, were the uncontested winners in an otherwise fragmented party landscape. Their opposing views on the reform of the federation and on vital socio-economic matters produced the most difficult and long lasting government formation process in Belgian history. In 541 days

absence of a duly appointed government, the federal level was governed by a caretaker government, exactly at the time when the financial crisis ravaged the Eurozone.

In this contribution, we have approached the Belgian case as a unique research case for investigating how and to what extent policy continuity and change took shape in times of a double crisis. We found that the caretaker government conventions themselves provide guarantees for preventing policy termination and allow for a variation of policy changes. The loose formalisation of caretaker rules enabled the caretaker government to stretch the cautionary principles of continuity and urgency to the extent that dysfunctional ruptures in government programmes were dodged and yet pressing domestic and international matters were addressed. The exogenous financial crisis together with the duration of the endogenous political crisis enlarged the number of policy decisions to be considered urgent, thus requiring a caretaker government response beyond what is usually the remit in better economic times. At the same time, the budgetary guarantees prevented government services shutdown, while unintentionally leading to modest savings across the board, which fortuitously contributed to fiscal consolidation.

As we recently witness longer government formation in Europe, including Westminster systems, (Louwse and Van Aelst 2013: 5), countries can draw positive lessons from the Belgian case. Next to the flexible content of caretaker conventions themselves, we observed three more conditions that provide grounds for positive institutional lesson-drawing on policy continuity and change in times of crisis. First, the nature of the multi-level system of governing Belgium proved robust in times of double crisis. Below the federal level, regions and communities provided policy continuity and innovation in the many domains over which they have exclusive competences. Above the national level, the EU stepped in, and promoted policy changes in response to the falling credit ratings, leading, amongst other decisions, to the Belgian Parliament voting on a budget, which had so far been unseen in the



history of caretaker government. Second, the nature of the Belgian civil service system, in which public managers (and ministerial advisors for that matter), remain in place when the governing coalition changes, is conducive for guaranteeing the continuity of government operations. While it is true that the caretaker control over appointments did in some cases weaken the leadership of the administrative top as well as frustrated many a civil servant, this did not prevent them from keeping government services running and from contributing to a successful EU Presidency in 2010. Thirdly, our analysis has highlighted the importance of parliamentary initiative. In parliamentary democracies, legislative initiative is nowadays dominated by the executive. The long absence of a duly mandated executive in Belgium has demonstrated how the re-constellation of members of Parliament beyond the usual minority-majority divide, helped to substitute the executive for the much needed legal initiatives and policy change. The explanatory power of the nature of multi-level governance, the permanence of the administration, and the re-constellation of parliament calls for further comparative analysis. Our single case analysis suggests that strong devolution, an independent civil service, and a weak parliament able to re-invent itself into a stronger one, provide checks and balances needed when the central executive fails.

Apart from explaining our single case, our analysis has also something to say about exogenous drivers of policy change. Our analysis has confirmed the importance of international determinants of policy change. The exogenous crisis was strong enough to overrule the political crisis, and induce error corrections a caretaker government would normally not engage in. Yet, when looking at the components of policy change, as Howlett and Cashore suggest (2009), we found that the extent of exogenously induced policy change was still to a large extent mitigated by the caretaker rule. While the literature suggests that exogenous factors of the gravity presented by the Eurozone crisis induce third order change, most changes in our case were first and second order changes (Hall 1993, quoted in Howlett

and Cahore 2009), and did not extend beyond the calibration of policy instruments. It was only after a government was duly appointed that policy change moved to priority setting, targeted cutbacks, and innovation of objectives.

This article analysed how a single caretaker government took care of crisis. To broaden the comparative analysis of policy-making in times of crisis, future research could comparatively analyse policy-making under different caretaker governments. And if the recent trend to longer government formation in Europe persists, the population of candidate countries for such a comparison will only expand. Another suggestion for future research is to analyse how and with what effect policy responses to crisis vary with the remit of government. Caretaker and technocratic governments have essentially different mandates for change, and it would thus be a fruitful avenue to compare their policy responses to similar crises.

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