

RESEARCH ARTICLE

Between a Rock and a Hard Place: Why Labor (Partially) Relinquished Its Institutional Resources in Belgium and the Netherlands

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Abstract

Scholars have long recognized the importance of so-called “Ghent” systems of unemployment insurance for working-class strength and therefore national capitalist development. While only three European countries currently maintain “pure” Ghent systems, nearly a dozen did so during the first half of the last century. This article investigates the discontinuation of these systems in two paradigmatic cases, Belgium and the Netherlands. By focusing on the irreconcilable nature of trade union goals regarding the delivery, range, and funding of unemployment insurance, the analysis explains how the discontinuation of Ghent in these two countries could occur under distinctly union-friendly governments and with the explicit consent of their trade union movements. By showing that both the Belgian and Dutch trade union movements displayed great uncertainty regarding the organizational costs and benefits of assuming responsibility for benefit delivery, the article also explains why Belgium subsequently created a semi-Ghent system that continued to significantly boost union membership, while the Netherlands did not.

Keywords: unemployment; Ghent systems; labor union strength; business; welfare states; types of capitalism; Belgium; Netherlands

During the first half of the twentieth century, nearly all European countries maintained systems of unemployment relief under which national governments or local authorities subsidized voluntary union-organized unemployment insurance funds. While political support for these “Ghent systems” of unemployment insurance—named after the Belgian city of Ghent where this practice originated in the late nineteenth century—often partially rested on the assessment that they were less costly and administratively burdensome for the authorities than state-administered schemes, they also acted as strong selective incentives for workers to join trade unions and remain union members during spells of unemployment. By doing so, these systems greatly boosted unionization rates and with that the

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organizational “power resources” of the working class. As noted by a vast scholarship over the years, this organizational effect has by no means weakened over the years.¹

In some countries, Ghent systems continue to operate, resulting in extraordinarily high union membership rates.² In most European countries, however, they were gradually disbanded over the course of the twentieth century. The latter includes countries, such as Belgium and the Netherlands, which both replaced their Ghent systems with state-administrated systems in the immediate postwar period. Both countries did so even though their Ghent systems had operated with broad parliamentary support since the beginning of the century.³ Moreover, whereas some of the countries that chose to discontinue their Ghent systems did so completely, others allowed their unions to continue to assume responsibility for paying unemployment benefits to their members, effectively enabling them to create “semi-Ghent systems” that continued to boost union membership to some extent.

By (partially) removing such a powerful incentive for union membership, the discontinuation of existing Ghent systems in countries such as Belgium and the Netherlands was to have major consequences for future working-class strength there. Given that most analysts take it as self-evident that trade unions and political parties with strong ties to trade unions should support policies that serve to increase the level of working-class organization, it is a puzzle why this discontinuation often occurred under distinctly worker-friendly governments.⁴ In both Belgium and the Netherlands, for example, it took place under coalitions led by the Christian democrats and social democrats, which both maintained strong ties to allied trade union movements. Further, rather than having to impose reform upon discontented trade union movements that were firmly committed to the defense of the practice of government subsidization of union-run funds, both the Belgian and Dutch governments only broke with this practice and introduced mandatory state-administered systems after all and major sections of the Dutch and Belgian trade

¹The organizational effect of Ghent systems has been highlighted by all studies on unionization in recent decades. Some of the most influential of these include Bernhard Ebbinghaus and Jelle Visser, “When Institutions Matter: Union Growth and Decline in Western Europe, 1950–1995,” *European Sociological Review* 15 (1999): 135–58; Laust Høgedahl, “The Ghent Effect for Whom? Mapping the Variations of the Ghent Effect across Different Trade Unions in Denmark,” *Industrial Relations Journal* 45 (2014): 469–85; Jesper Prytz and Thomas Berglund, “Disruption of the Ghent Effect: Disentangling Structural and Institutional Determinants of Union Membership Decline in Sweden, 2005–2010,” *Industrial Relations Journal* 54, 6 (2023): 474–94; Claus Schnabel, “Union Membership and Density: Some (not so) Stylized Facts and Challenges,” *European Journal of Industrial Relations* 19 (2013): 255–72; Bruce Western, *Between Class and Market: Postwar Unionization in the Capitalist Democracies* (Princeton: Princeton University Press, 1997).

²See, for example, Prytz and Berglund, “Disruption.”

³See, for example, Piet de Rooy, *Werklozenzorg en werkloosheidsbestrijding, 1917–1940. Landelijk en Amsterdams beleid* (Amsterdam: Van Gennep, 1979); Guy Vanthemsehe, *De werkloosheid in België: 1929–1940* (Berchem: EPO, 1993).

⁴On this assumption see, for instance, Bo Rothstein, “Labor Market Institutions and Working Class Strength,” in Sven Steinmo, Kathleen Thelen, and Frank Longstreth, eds., *Structuring Politics: Historical Institutionalism in Comparative Analysis* (Cambridge: Cambridge University Press, 1992); Isabella Mares, *The Politics of Social Risk: Business and Welfare State Development* (Cambridge: Cambridge University Press, 2003); Magnus Rasmussen and Jonas Pontusson, “Working Class Strength by Institutional Design? Unionization, Partisan Politics, and Unemployment Insurance Systems, 1870–2010,” *Comparative Political Studies* 51, 6 (2018): 793–828.

movements, respectively, had explicitly consented to it. While various studies have noted this lack of opposition, the reasons for it have never been fully examined.⁵

Even more baffling, and the subject of even less research, is that the two countries came to differ markedly in the *extent* to which their new systems continued to incentivize workers to join trade unions in the ensuing years. It is well known that Belgium effectively developed a semi-Ghent system just after the war, while the Netherlands chose to break with the principles of Ghent in a much more radical manner in the same period. Over the years, many studies have pointed to this difference to explain why union density rates have consistently been higher in Belgium than in the Netherlands since the 1950s. As this differential became more pronounced from roughly the 1980s on, studies have also outlined its importance in explaining variation in labor market and welfare state outcomes in the two countries.⁶ At the same time, it remains unclear for what reasons the two countries differed so strongly in the extent to which they chose to break with the principles of Ghent just after the war.

What makes this institutional variation so mystifying is that it did not rest on different political dynamics or legislative differences. In both countries, the worker-friendly governments of the immediate postwar period actually went out of their way to ensure that individual unions could act as payment centers for their unemployed members under new unemployment insurance systems. Yet, whereas Belgium's national union federations all came to make use of this provision in a bid to not just preserve but increase unionization rates, resulting in the creation of a large number of union-run payment centers, their Dutch counterparts collectively opted against doing so. Union involvement in benefit payments there remained limited to only two sectors, agriculture and construction, where local representatives chose to assume this responsibility despite the position taken by the federations to which they were affiliated.⁷ Given its effectiveness as a selective incentive for union membership, this lack of broader enthusiasm for the task of delivering benefit payments is perplexing.

So, how are we to explain these discontinuations of the Belgian and Dutch Ghent systems by worker-friendly governments and the absence of strong labor union resistance to them? Perhaps even more puzzling, how can we explain the subsequent variations in Belgian and Dutch union leaders' willingness to assume responsibility for benefit payment for their unemployed members? To answer the first question, the article focuses on the irreconcilable nature of labor union goals regarding the implementation (over which they needed full control), funding (for which they

⁵The stance of the Belgian trade union movement toward the dissolution of Ghent has received more attention than that of its Dutch counterpart. See, in particular, Vanthemsche, *De werkloosheid*; Patrick Pasture, *Kerk, Politiek en Sociale Actie: De unieke positie van de christelijke arbeidersbeweging in België* (Leuven: Garant, 1992), 107–8. For the Netherlands, see Peter Schrage and Erik Nijhof, "Een lange sisser en een late knal? De ontwikkeling van de Nederlandse werkloosheidsverzekering in Westeupees perspectief: Een terreinverkenning," in Wim Blockmans and Loes van der Valk, eds., *Van particuliere naar openbare zorg, en terug? Sociale politiek in Nederland sinds 1880* (Amsterdam: Nederlandsch Economisch-Historisch Archief, 1992), 48.

⁶See, for example, Albert Mok, "Arbeidsverhoudingen in Nederland en België: Een oefening in differentiële sociologie," *Tijdschrift voor Arbeidsvraagstukken* 1, 1 (1985): 4–17; Guy Van Gyes, Jesse Segers, and Erik Henderickx, "In het gelijke, onze verschillen: Het Belgische collectieve systeem van arbeidsverhoudingen gespiegeld aan Nederland," *Tijdschrift voor HRM* 1 (2009): 67–96.

⁷See Anton Molenaar, *Arbeidsrecht. Tweede deel: het geldende recht* (Zwolle: Tjeenk Willink, 1958), 1832.

demanded employer involvement), and range (referring to the extent to which workers were covered) of unemployment insurance in both countries during the first half of the century. In addition, it shows how exogenous shocks such as the Great Depression of the 1930s could lead to relatively sudden shifts in actor preferences; more specifically, how an unprecedented increase in unemployment levels intensified the need to obtain employer co-financing of providing unemployment benefits.

To answer the second question, the article emphasizes that the control Belgian and Dutch labor union movements had over the delivery of unemployment insurance not only offered them organizational advantages but also imposed significant costs. The most important cost was that such control triggered tensions with the rank and file over levels of and entitlements to benefits, particularly during periods of high unemployment like the 1930s. We will see that, once union representatives agreed to replace government subsidization of union-run funds with a mandatory state-run system, they had to operate with limited information. In both countries, this sparked disagreements about the organizational consequences of assuming responsibility for benefit payments when they lacked exclusive control over determining benefit generosity and eligibility. By illustrating this disagreement and the shifting nature of union preferences regarding the design of unemployment insurance in general, the article highlights the contingent nature of unemployment insurance reform in both countries.

I.

Scholars have long recognized the importance of the choices for and against the introduction and (dis)continuation of (semi-)Ghent systems for working-class strength and thereby national capitalist development. An extensive body of work has highlighted the positive effect of (semi-)Ghent systems on labor's organizational strength, and over the years many writers have also emphasized the importance of labor union organization for the partisan composition of government and the involvement of labor unions in labor market and welfare state development.⁸ By comparison, much less work has been directed toward explaining the reasons for particular choices regarding the operation of these systems. Historical accounts that specifically deal with the origins of Ghent systems are few, and they have mostly

⁸For some influential studies on the impact of trade unions on the partisan composition of government, see, for instance, Patrick Flavin and Benjamin Radcliff, "Labor Union Membership and Voting across Nations," *Electoral Studies* 30 (2011): 633–41; Jasmine Kerrissey and Evan Schofer, "Union Membership and Political Participation in the United States," *Social Forces* 91, 3 (2013): 895–928; Christoph Arndt and Line Renwald, "Union Members at the Polls in Diverse Trade Union Landscapes," *European Journal of Political Research* 55 (2016): 702–22; Ari Ray and Jonas Pontusson, "Trade Unions and the Partisan Preferences of Their Members: Sweden, 1986–2021," *Socio-Economic Review* 5 (2024): 1–23. For some classic and more recent studies on the direct impact of trade unions on labor market and welfare state development, see, for example, Walter Korpi, *The Democratic Class Struggle* (London: Routledge, 1983); Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990); Alexander Hicks, *Social Democracy and the Welfare State: A Century of Income Security* (Ithaca: Cornell University Press, 1998); Dennie Oude Nijhuis, *Labor Divided in the Postwar European Welfare State: The Netherlands and the United Kingdom* (Cambridge: Cambridge University Press, 2013); and Joshua Gordon, "Protecting the Unemployed: Varieties of Unionism and the Evolution of Unemployment Benefits and Active Labor Market Policy in the Rich Democracies," *Socio-Economic Review* 13, 1 (2014): 79–99.

focused on countries where these systems were either never established or continue to operate today.⁹ Even though the vast majority of countries that operated Ghent systems at either the national or local levels in the past no longer do so, less research has examined their discontinuation. We still do not fully understand why they were abandoned in countries such as Belgium and the Netherlands, let alone why countries differed in the extent to which they broke with Ghent principles.

Nearly a dozen countries once operated national-level Ghent systems, but only three still do: Denmark (since 1907), Finland (since 1917), and Sweden (since 1934). The countries that suspended Ghent systems include Belgium (1907–1944), the Netherlands (1914–1945), Czechoslovakia (1921–1939), France (1905–1950), Iceland (until 2006), Spain (1919–1936), and Switzerland (1924–1951). The United Kingdom briefly operated a semi-Ghent system, from 1911 to 1920, under which recognized unions were allowed to act as payment centers for their members.¹⁰ In other European countries local-level authorities often subsidized union-run unemployment insurance funds until the introduction of national, state-administered unemployment systems. For example, in Germany sixteen municipalities did so, including Strasbourg, Stuttgart, Mannheim, Offenbach, and Berlin Schöneberg.¹¹

A major problem with explaining the introduction (or lack thereof) and discontinuation of these systems is that the dynamics of policy reform differed greatly in each country.¹² For starters, it is important to distinguish between countries that discontinued, or never introduced, Ghent systems under regimes that were hostile to the principle of trade unionism and those that were not. The former include Czechoslovakia and Spain, which both discontinued their Ghent systems following hostile fascist take-overs: Czechoslovakia following the Nazi occupation in 1940 and Spain after the fascist victory in its civil war. The systems' disappearance in these countries is, then, no mystery. Nor is it surprising that the Wilhelmine government of the German Reich—whose hostility toward the trade union movement is well known—did not consider the introduction of a national Ghent system when it sought to improve unemployment provision at the outbreak of the First World War.¹³

⁹The former include Germany and the United Kingdom, although the latter effectively operated a semi-Ghent system from 1911 to 1920. See, for instance, Michael Theodore Wermel and Roswitha Urban, *Arbeitslosenfürsorge und Arbeitslosenversicherung in Deutschland* (Munich: Richard Pflaum, 1949); Frank Tillyard, *Unemployment Insurance in the United Kingdom* (London: Thames Bank Publishing Company, 1949); José Harris, *Unemployment and Politics: A Study in English Social Policy 1886–1914* (London: Clarendon Press, 1984); Karl Christian Führer, *Arbeitslosigkeit und die Entstehung der Arbeitslosenversicherung in Deutschland 1902–1927* (Berlin: Colloquium Verlag, 1990). The latter includes Sweden, whose Ghent systems has probably been studied in most detail. See, for example, Hugh Hecló, *Modern Social Politics in Britain and Sweden: From Relief to Income Maintenance* (New Haven: Yale University Press, 1974); Rothstein, "Labor Market Institutions"; Rasmussen and Pontusson, "Working Class Strength."

¹⁰For a more detailed overview that distinguishes between different types of Ghent systems, see Rasmussen and Pontusson, "Working Class Strength," 803.

¹¹See Führer, *Arbeitslosigkeit*, 43.

¹²On this, see also Christian Toft, "State Action, Trade Unions and Voluntary Unemployment Insurance in Great Britain, Germany, and Scandinavia, 1900–1934," *European Economic Review* 39 (1995): 565–74.

¹³Wermel and Urban, *Arbeitslosenfürsorge*, 21–23; Führer, *Arbeitslosigkeit*, 119–43.

Such “strategic” considerations could naturally also be found in many democratic societies. But crucially, they differed greatly in the extent to which this was the case. As stated, it is well-established that high levels of union organization can significantly improve the electoral prospects of political parties with strong ties to trade unions.¹⁴ It is therefore no surprise that various studies have argued that the organizational effect of Ghent systems shaped attitudes toward their operation among not only trade union movements and employer groups, but also political parties. In some countries this consideration does indeed seem to have been important. In others, however, it was clearly of much lesser importance.

For instance, in his seminal analysis of the introduction of the Swedish Ghent system in 1934, the Swedish political scientist Bo Rothstein has shown that expectations regarding this reform’s impact on their long-term electoral prospects played a major role in shaping the attitudes of the Swedish Social Democrats and Conservatives toward it. The former supported its introduction since they expected to benefit from it, and for the same reason the Conservatives opposed it.¹⁵ There also is substantial evidence that these expectations played a major role in prompting the conservatives to oppose—and the Labour Party to strongly support—the Ghent option in the years leading up to the 1911 introduction of a state-administered system in the United Kingdom.¹⁶ The Liberal Party in power at the time opted for a centrist solution and created a state-administrated system that allowed the unions to hand out benefits to their members, thus creating a semi-Ghent system. When the Liberals became dependent on the conservatives to survive in office, they revoked this option.¹⁷

As the Belgian historian Guy Vanthemsche has shown, such concerns also played a role during the century’s first two decades in various Belgian governments’ hesitant stance toward worker requests for state subsidies for union-run unemployment insurance funds. While a Catholic-led government first began to assist municipalities that were already providing support to union-run funds as early as 1907, a more permanent system of state-support consequently only came about in Belgium after the end of World War I.¹⁸ Similar concerns probably explain why a parliamentary initiative to provide state subsidies to union-run unemployment funds failed in the Netherlands in 1907, though the government’s dependence on social-democratic support did force it to emphasize that it held “no objections of principle” to individual municipalities providing subsidies to these funds.¹⁹ The Dutch government finally began providing state subsidies by royal decree in 1914, following an advisory committee’s recommendations. Three years later, a parliamentary approved bill created a more permanent system.

Unlike Sweden and the United Kingdom, however, in Belgium and the Netherlands conservative concerns that providing state subsidies to union-run

¹⁴See note 8.

¹⁵See Rothstein, “Labor Market Institutions.”

¹⁶See, for example, Julian Fulbrook, *Administrative Justice and the Unemployed* (London: Mansell, 1978), 129; Harris, *Unemployment*, 273, 315–18.

¹⁷Frank Tillyard, *Unemployment Insurance in Great Britain, 1911–1948* (London: Thames Bank Publishing Company, 1949), 33–34.

¹⁸Vanthemsche, *De werkloosheid*, 24–29.

¹⁹Nationaal Archief (NA), Tweede Kamer, Handelingen 1906–1907, Bijlage A, 34 der Memorie van Antwoord.

funds would strengthen the trade union movement had largely dissipated after male universal suffrage was introduced in both countries, in 1919 and 1918, respectively.²⁰ This difference undoubtedly reflected the different natures of their national party systems. Crucially, following the adoption of universal suffrage, the party systems of countries such as Sweden and the United Kingdom continued to be characterized by the presence of strong conservative parties that maintained close links with business groups but not with trade union groups. Accordingly, these parties had a strong strategic incentive to oppose the practice of state-subsidization of union-run unemployment insurance funds. In Belgium and the Netherlands, by contrast, similar “pro-business parties” were largely nonexistent after universal suffrage was introduced, which can largely be ascribed to the strength of Belgian and Dutch Christian democracy. This meant that the vast majority of parliamentary seats were held by parties that viewed worker organization as a stabilizing factor in labor relations that should be facilitated.

A clear sign of the overall positive outlook toward trade unionism in Belgium and the Netherlands was that, by the 1920s, the main parties there all maintained strong links with ideologically affiliated trade union federations. In the Netherlands, these were the Roman Catholic State Party (RKSP), the country’s largest political party, which maintained close links with the Roman Catholic Worker Union (RKWV), the Social Democratic Worker Party (SDAP), which was closely affiliated to the Dutch Association of Trade Unions (NVV), and the protestant Anti-Revolutionary Party (ARP), and Christian Historical Union (CHU), which sustained (slightly looser) bonds with the Christian Union Federation (CNV). For Belgium, these were the Catholic Union (KU), with close links with the Confederation of Christian Trade Unions (ACV), the Belgian Workers Party (BWP), with close ties to the Trade Union Commission (SC), and the Liberal Party, which developed looser connections with the National Center of Liberal Unions in Belgium (NCLVB).²¹

In both countries, these parties together consistently held over 70 percent of all parliamentary seats, with the Christian democrats being most influential. The close bonds of the Belgian and Dutch Christian democrats with their union counterparts by no means meant that they always sided with the interests of “labor” over those of “capital,” and in many cases they did not.²² Nonetheless, they were strongly supportive of the principle of trade unionism. Also, and contrary to traditionally pro-business parties such as the British and Swedish conservatives, due to their close bonds with their confessional union counterparts they did not expect Ghent to undermine their long-term political prospects. In fact, while Ghent systems are often viewed as primarily benefiting the strength of social democracy, in Belgium, at least, it had by the 1930s become clear that ACV-affiliated unions benefited more

²⁰Belgium adopted universal plural suffrage for males, which disfavored the worker vote, in 1893, and adopted universal single suffrage in 1919. See, for instance, Patrick Emmenegger and André Walter, “When Dominant Parties Adopted Proportional Representation: The Mysterious Case of Belgium,” *European Political Science Review* 11, 4 (2019): 433–50.

²¹For details on these links, see, for instance, John P. Windmuller, *Labor Relations in the Netherlands* (Ithaca: Cornell University Press, 1969); Pasture, *Kerk*.

²²For a more elaborate outline of the centrist role of Christian democratic parties in the Netherlands and their attempts to mediate between the interests of “labor” and “capital” on broader welfare matters, see, for instance, Dennie Oude Nijhuis, *Religion, Class, and the Postwar Development of the Dutch Welfare State* (Amsterdam: Amsterdam University Press, 2018).

from the system of state-subsidization of union-run funds than SC-affiliated unions did.²³ ACV-representatives were well-aware of this and often referred to it in their dealings with Catholic Union representatives.

The prevailing party systems also mattered in another way that favored the operation of the two countries' Ghent systems. As noted above, Christian democracy quickly became the dominant political group in both Belgium and the Netherlands following the introduction of universal suffrage. For this reason, parliamentary views on the operation of Ghent systems there appear to have been less heavily influenced than in other countries by their inability to cater adequately to all workers, a feature that followed from their voluntary nature. According to William Beveridge, for instance, this shortcoming was the main reason he and other British officials argued against the Ghent option in the run-up to the 1911 reform.²⁴ The liberal government of the day agreed, in part because only about 15 percent of British workers then were union members, which meant a system of unemployed provision under which the government subsidized union-run funds would leave many workers uncovered for the foreseeable future.²⁵ According to Rasmussen and Pontusson, concerns about inadequate coverage levels also played an important role in the Norwegian Social Democratic government's decision to replace the Ghent system with a mandatory state-run system there in 1938.²⁶

While such concerns about the Ghent system were occasionally also raised in Belgium and the Netherlands, the strength of Christian democracy in both mitigated its political salience. After all, compared to their socialist and perhaps even liberal counterparts, confessional backbenchers and trade union representatives were much more inclined to view the matter of unemployment insurance membership from a strong, moral perspective that emphasized personal responsibility and worker discipline. As coverage levels in the two countries rapidly increased in line with union membership rates, this stance became much easier to defend: while fairly low levels of trade union membership had previously made it that individual workers found it difficult to ensure themselves against unemployment in a voluntary manner, even if they wanted to, the expansion of union-run funds during the 1920s and 1930s steadily eliminated this problem.

Further, by the 1920s, municipal regulations generally ensured that trade union unemployment insurance funds also provided benefits to non-organized union members, although usually at a lower level.²⁷ Rather than viewing this discrimination as problematic, many Christian democratic politicians and union leaders approved of it, and not just because of their emphasis on the need to preserve workers' sense of self-responsibility. According to prominent Christian democratic representatives such as the Dutch Catholic Minister of Social Affairs Timotheus

²³Vantheemsche, *De werkloosheid*, 164.

²⁴William H. Beveridge, *Voluntary Action: A Report on Methods of Social Advance* (London: Allen and Unwin, 1948), 95.

²⁵See, for example, Toft, "State Action," 567; Hecló, *Modern Social Politics*, 68.

²⁶Rasmussen and Pontusson, "Working Class," 797–800. Other studies have emphasized the need for employer (co)financing. See Francis Sejersted, *The Age of Social Democracy. Norway and Sweden in the Twentieth Century* (Princeton: Princeton University Press, 2011), 113.

²⁷See, for instance, Erik Nijhof, Peter Schrage, and Michel Sturkenboom, "De Geesel van onzen tijd": Een onderzoek naar werklozenbeleid en werkloosheidsbeleving in de jaren dertig in Utrecht (Leiden: Nijhof, 1983), 30.

Verschuur, it also mattered that the differential between organized and non-organized workers promoted union membership and thereby “order in our society.”²⁸ His fellow party member Hendrik Bekker, a local counsellor in Utrecht, agreed, and warned that the alternative of equal treatment was likely to “lower the appeal of the union movement and thus promote anarchy.” Their Social Democratic counterparts naturally felt more discomfort with the notion that some groups of unemployed workers received lower benefit levels. Yet given that they were also uneasy at having to advocate for the rights of the non-organized, their general position was not that different from that of their Christian democratic counterparts.²⁹

Following the introduction of universal suffrage, then, the Ghent model of unemployment insurance provision could count on broad levels of political support in both Belgium and the Netherlands. Given their strong organizational ties with the union movement, it is also hard to conceive of the main political parties advocating for the dissolution of union-run funds, unless the union movement explicitly supported doing so. The next section explains how that is exactly what happened. In both countries, governments only moved forward with reform after all or significant parts of the trade union movements had explicitly consented to the introduction of a mandatory, state-administered unemployment insurance system. It is important to explain what prompted the Belgian and Dutch union movements to provide this consent. To do so, we need to not only look at the broader objectives of the Belgian and Dutch trade union movements regarding unemployment insurance reform; we must also explain why these objectives were in conflict. And this, in turn, requires a closer look at the political dynamics of unemployment insurance reform.

2.

The previous section emphasized that the absence of strong pro-business parties in Belgium and the Netherlands following the introduction of universal suffrage meant that the Belgian and Dutch trade union movements operated in a much more hospitable political environment than did many of their foreign counterparts. This does not mean that their influence was without limits, though. During early discussions on the possible introduction of state subsidies to union-run unemployment insurance funds early in the century, a broad parliamentary majority consisting of Christian democrats, liberals, and Social Democrats, for instance, felt that state subsidies had to be accompanied by state oversight of their recipients’ activities. While some backbenchers took this stance out of principle, others worried about possible abuse.³⁰ Though many unions strongly disliked such supervision, they had little choice but to accept it as a precondition.

The limits of union influence in the two countries also became clear in discussions of mandatory unemployment insurance membership. Because of their emphasis on broad worker solidarity, the discrimination in treatment between organized and non-organized unemployed workers continued to sit uneasily with many socialist as well as some Christian democratic trade union representatives in both countries. At the

²⁸NA, Archief Arbeidsinspectie, Commissie Zaalberg, 15 Feb. 1909, Brief Verschuur, 24 Nov. 1931.

²⁹For this differential and the previous citation, see Nijhof and Sturkenboom, “*De Geesel*,” 30.

³⁰For similar considerations in other countries, see for instance Hecló, *Modern Social Politics*.

same time, they obviously shared the aforementioned concerns that equal treatment would undermine the appeal of the trade unions. Union leaders therefore made it clear that they would only push for mandatory membership if, as the Dutch NVV pointed out in its first report on how to deal with the risk of unemployment in 1921, the voluntary system was so well-established that “there can be no doubt that the unions are the carriers of the insurance.”³¹ Preserving the unions’ central role in a mandatory system effectively meant forcing non-organized workers to join one of the insurance funds that were being run by the unions. Belgian employer groups would later describe this situation as “compulsory union membership.”³²

Such a departure from the prevailing orthodoxy of voluntarism proved unacceptable not only to employer groups but also to the Christian democratic and liberal parliamentary majorities in both countries. In fact, the Christian democratic union federations in the Netherlands seem to have felt that it went too far, with the CNV leadership, for example, defending the existing system’s voluntary nature as one that fostered worker discipline and thus “national strength,” until as late as 1938, when it was forced to alter its stance for strategic reasons.³³ The Belgian ACV did come out in support of a mandatory system in 1928, but its representatives consistently emphasized, “It is dangerous to provide too much support for the mandatory insurance. By doing so we run the risk of strengthening opponents of professional funds.”³⁴ They also frequently emphasized that they “would rather not have a mandatory system than accept state administration.”³⁵ Probably because of similar strategic worries, the socialist SC likewise struggled with the matter and in a 1928 report openly acknowledged, “Neither among the affiliates nor at the central level is there agreement on the introduction of a mandatory contribution.”³⁶

While most of the union federations in the Netherlands and Belgium had by the late 1920s at some point expressed a favorable view of mandatory membership, none of them viewed it as a matter of sufficient concern to warrant compromising their central role in the provision of benefits. Its possible introduction nonetheless continued to be a frequent topic of discussion throughout the 1920s and 1930s. A major reason for this is that it was closely tied to a more salient union demand, which was that employers assume (partial) responsibility for the payment of unemployment insurance benefits. As the unions regarded employers as responsible for unemployment, they viewed it as a matter of principle that employers should assume responsibility for financing protection against its effects, a position broadly shared by European trade union movements.³⁷ The Belgian SC and Dutch NVV had been vocal about this demand ever since the 1910 International Socialist Conference called for the establishment of an unemployment insurance that was “managed by the

³¹NVV, *Verzekering tegen werkloosheid* (Amsterdam: Vooruitgang, 1914), 6.

³²See Vanthemsche, *De werkloosheid*, 32.

³³As voiced by CNV-chair Anton Stapelkamp; Internationaal Instituut voor Sociale Geschiedenis (IISG), Archief CNV, 32: Algemeen Bestuur, 28 Feb. 1938.

³⁴As voiced by ACV-representative Mondelaers; KADOC, ACV, 72, Raadszitting, 1 June 1937.

³⁵As voiced by ACV-chair Henri Pauwels in response to the Fuss-initiative; KADOC, ACV, 72, Raadszitting, 2 July 1937.

³⁶Syndikale Commissie, *De verzekering tegen werkloosheid* (Brussel: SK, 1928), 14–21.

³⁷See also Dennie Oude Nijhuis, “Business, Labor, and the Costs of Welfare State Development,” *Journal of European Social Policy* 29, 4 (2019): 20–33.

trade unions, at the expense of the owners of the means of subsistence.”³⁸ In 1921, the Roman Catholic Worker Union’s main predecessor, the Roman-Catholic Trade Bureau, joined the NVV in demanding employer co-financing of union-run unemployment insurance funds. The Belgian ACV did so in its 1928 proposal, which called for a mandatory union-run insurance financed by employers, workers, and the state.³⁹

In neither Belgium nor the Netherlands did these reports spur parliaments to immediate action, because employer (co-)financing was as difficult to reconcile with a union monopoly over the delivery of the unemployment benefits as mandatory membership was, at least for as far as the Christian democratic and liberal majorities in both countries were concerned. While these “bourgeois” parties had demonstrated their willingness to defy employer positions by consenting to state subsidization of union-run funds, they found it much more difficult to defend union exclusivity over the operation of these funds when employers were requested to contribute to them on a mandatory basis. The introduction of mandatory employer contributions would give employers a much more direct stake in the operation of these funds, and many representatives of these parties argued that doing so warranted giving employers a degree of control equal to that of the unions.

Because they obviously did not want to alienate their increasingly powerful trade union wings, the Christian democratic parties, in particular, had to proceed carefully. Fortunately for them, doing so was greatly facilitated by their emphasis on the importance of industrial harmony and the ensuing need to ensure that major policy reforms were based on a broad industrial consensus. This became clear when, in the wake of the 1928 union report, a government coalition of the three main Christian democratic parties in the Netherlands was confronted with a parliamentary motion for a government initiative on unemployment insurance reform. In response, the responsible minister, Jan Slotemaker de Bruine, a member of the Christian Historical Union, simply asked its sponsors to explain how they planned to combine an employer financial obligation with a voluntary provision administered by the unions.⁴⁰ He then referred the matter to the country’s main corporatist body, the High Council of Labor, a tripartite group created in 1919 that consisted of union, employer, and state representatives. When union and employer representatives in this council predictably failed to agree on the matter, the minister had an excellent excuse to refrain from taking any action.⁴¹ In Belgium, as well, the absence of an industrial consensus provided various Christian democratic-led governments with a perfect pretense for inaction.

While the unions would have preferred to achieve all of their aims, it is important to emphasize that they were by no means dissatisfied with the system as it operated at the time. Compared to most of their Western European counterparts, unemployment funds in the two countries could count on relatively high levels of state support and

³⁸International Socialist Congress, *Abridged Minutes and Complete Resolutions of the 1910 Copenhagen Socialist Congress* (Copenhagen: International Socialist Congress, 1910), 4.

³⁹ACV, *De verzekering tegen onvrijwillige werkloosheid* (Kortrijk: Vooruitgang, 1928).

⁴⁰NA, Tweede Kamer, *Handelingen 1927/1928*, 1 Dec. 1927.

⁴¹Hoge Raad van Arbeid, *Vragen omtrent een wettelijke regeling van de werkloosheidsverzekering* (Den Haag: Hoge Raad van Arbeid, 1928).

the system was quite successful in boosting union membership rates.⁴² For Belgian and Dutch employer groups, by contrast, the presence of relatively generous Ghent systems was clearly the least desirable of all unemployment insurance options. This is evident in the dramatic transformation of their position on reform during the 1920s. While initially opposed to any legislative initiatives in this area, by the beginning of the decade both Belgian and Dutch employer groups were advocating for the introduction of a mandatory insurance, to be administered by either industry or the state. Dutch employer representatives privately explained their change of heart in clear strategic terms, arguing that it was “essential” for them to have “influence” over the implementation of unemployment insurance.⁴³ To obtain this influence, the largest industrial group in Belgium, the Central Industrial Council (CCI), had by the early 1920s even signaled its willingness to accept employer co-financing of unemployment insurance benefits.⁴⁴ While some Dutch employer representatives had by that time also expressed their willingness to accept an employer contribution during internal discussions, a majority continued to prioritize cost factors and argue that this went too far.⁴⁵

Neither the CCI nor its Dutch counterparts received much political support for their proposals, and discussions on unemployment insurance reform remained stuck. This situation might have continued were it not for a major disruptive event that was to have a dramatic impact on the positions of the Belgian and Dutch trade union movements on unemployment insurance reform: the onset of the Great Depression in 1929. It would prove particularly severe and long-lasting in both countries, where it brought much higher unemployment levels than in other Western European countries during the second half of the 1930s.⁴⁶ Among countries with Ghent systems, only Norway, which, again, replaced its Ghent system with a mandatory tripartite-financed system in 1938, came close to the peak unemployment levels both countries experienced during this period.⁴⁷

The effects of the 1930s rise in unemployment on how unemployment funds operated in Belgium and the Netherlands have been well-documented, as, for example, Vanthemsche described for Belgium and De Rooy for the Netherlands. Both governments responded to this rise by imposing harsh austerity measures intended to prevent budget deficits and calm financial markets.⁴⁸ While union leaders fiercely lobbied their governments to limit these measures, sometimes with partial success, harsh benefit cuts were unavoidable in this era when deficit-spending was deemed highly problematic.

⁴²For an overview of the percentage of insurance outlays financed by the government, see the Social Citizenship Indicator Program (<http://www.spin.su.se/datasets/scip>).

⁴³NA, 2.19.103.04, 2 Centraal Overleg Werkgeversverbonden, 15 Sept. 1921.

⁴⁴Vanthemsche, *De werkloosheid*, 30–31.

⁴⁵NA, 2.19.103.04, 2 Centraal Overleg Werkgeversverbonden, 11 Aug. 1921.

⁴⁶On the severity of the Great Depression in the two countries, which can be attributed to, among other things, their open nature combined with long adherence to the Gold Standard, see Eric Buyst and Antoon Soete, “The Impact of the Great Depression and the Second World War on Two Small Open Economies: The Netherlands and Belgium, 1937–1960,” in Timy Myllyntaus, ed., *Economic Crises and Restructuring in History: Experiences of Small Countries* (Gutenberg: Scripta Mercatura Verlag, 1988), 169–82.

⁴⁷See Toft, “State Action,” 570.

⁴⁸Vanthemsche, *De werkloosheid*, 104–46; De Rooy, *Werklozenzorg*, 67–212. See also Nijhof and Sturkenboom, “*De Geesel*,” 56–62.

Crucially, under these circumstances the unions' central role in the provision of unemployment benefits came to be seen not only as a long-term strategic asset to the union movement, but increasingly also as a liability. One reason for this was that it placed union representatives in the uncomfortable position of having to impose benefit cuts, increase worker contributions, and tighten eligibility criteria. Even though this resulted from austerity measures that the unions had vocally opposed, it led, as one would expect, to significant tension with the rank and file. Also, rising unemployment meant that union funds were confronted with a substantial (potential) drain of financial resources, affecting the unions' ability to engage in collective action. Finally, as the economic downturn made employers more reluctant to concede to union demands or even engage in collective bargaining, more radical sections of the socialist trade union federations in the two countries were more and more anxious about the impact of state oversight, which among other factors limited union discretion regarding the use of the strike weapon.⁴⁹

To what extent this led to a reappraisal of the Ghent system of unemployment insurance provision in union circles remains unclear. As unemployment levels increased, the trade union movements in both countries were also reminded of the importance of this system in preserving their organizational strength. Thus, when the SC leadership in the mid-1930s briefly contemplated "releasing" the unions from the burden of carrying out the unemployment insurance, this was rejected by powerful affiliates, such as the Union of Metalworkers, which responded, "On that day we will all be lost [as] a fourth, third, or even half of our members will leave us."⁵⁰ Because of their principled objection to the notion of the class struggle, the leaderships of the Christian democratic union federations never needed their affiliates to remind them of the importance of Ghent. In fact, the Belgian ACV regularly warned against benefit cuts by arguing that they would make union representatives "more likely to develop revolutionary activities to preserve their members ... which needs to be prevented at all costs."⁵¹

Much more important for the future trajectory of reform was, therefore, that the crisis greatly increased the salience of obtaining employer (co)-financing. This union demand had never only been driven by moral concerns, since they realized that employer contributions would be directly beneficial to workers. But the unprecedented unemployment levels of the 1930s meant, from union perspectives, that employer (co)-financing had become indispensable to maintaining benefit adequacy. Unfortunately for them, in neither country did the crisis significantly alter the positions of the main political parties on the design of unemployment insurance, and despite strong lobbies, it continued to prove impossible to obtain durable majorities for the unions' preferred positions on its delivery, range, and funding.

In both countries, the unions did come close to achieving all or even most of their aims. In the Netherlands, in 1933 the then-minister of Internal Affairs and leader of the Roman Catholic State Party, Charles Ruijs de Beerenbrouck, proposed a system based on tripartite financing that preserved the voluntary nature of the insurance as

⁴⁹G.M.J. Veldkamp, *Inleiding tot de sociale zekerheid en de toepassing ervan in Nederland en België* (Deventer: Kluwer, 1978), 211–12.

⁵⁰AMSAB-Instituut voor Sociale Geschiedenis, 135.000017, Nationaal Bestuur CMB, 18 May 1935.

⁵¹ACV-chair Henry Pauwels, in response to the original Fuss-proposal; KADOC, ACV, 72, Raadszitting, 1 June 1937.

well as the unions' central role in its administration. The proposal was supported by a majority of the High Council of Labor, which obviously included its union members, and could count on considerable parliamentary support. The plan failed, however, when the government fell later that year and De Beerenbrouck's successor, Jan Slotemaker de Bruine, rejected it. Despite his close bonds with the CNV, the new minister sided with employer groups by taking the stance that the proposal was too costly for industry in times of crisis.⁵²

A few years later the Belgian union federations came close to achieving all of their aims when they spoke out against an initiative put forward by the Royal Commissioner for Unemployment, Henri Fuss, in 1937. Under Fuss' original proposal, the unions would obtain mandatory membership and tripartite financing, but their role in the administration of the insurance would be limited to the payout of benefits, which meant that they would no longer direct control over the collection of funds or benefit entitlements and generosity. While the proposal enjoyed wide sympathy in SC circles, the ACV loudly protested that it amounted to "union suicide" since it would ensure that "workers will leave the unions."⁵³ After a strong lobbying effort, the confessional federation obtained the assurance of Prime Minister Paul van Zeeland, a Catholic, that "he would not support a design that would do damage to the Christian democratic union movement."⁵⁴ Negotiations that followed produced a revised proposal for a mandatory system based on tripartite financing that preserved the unions' monopoly over the provision of benefits. While it passed the first chamber of parliament, a strong employer lobby ensured that conservative forces in the senate blocked this attempt to impose "mandatory union membership" out of concern that it would undermine the competitive position of Belgian businesses.

In sum, in neither country were the unions able to alter the status quo in their favor during the 1930s. Moreover, while the course of events surrounding the Fuss-initiative shows that the unions held sufficient political leverage to prevent the introduction of "hostile" initiatives that threatened their long-term organizational interests, they were unable to prevent later governments from continuing to impose new rounds of austerity measures. As unemployment levels remained intolerably high, these cuts gradually eroded the real value of the unemployment benefit, while worker contributions more than doubled and entitlement criteria were being tightened. Under these circumstances, it is not surprising that the position of the unions on unemployment insurance reform slowly shifted.

The results of this shift first became apparent in the Netherlands, where discussions on unemployment insurance reform in the High Council of Labor had continued following the failure of De Beerenbrouck's 1933 proposal. Five years later, in January of 1938, these discussions had resulted in sufficient progress for another Roman Catholic State Party leader, Carl Romme, to attempt to move forward by presenting the Council with a major reform initiative. Romme's proposal combined a mandatory insurance with employer co-financing and bipartite administration by employer and union representatives. Despite the latter feature, all three of the main union federations consented. So did the employer federations, with the largest

⁵²According to the explanatory memorandum of the 1949 Unemployment Insurance Act; see Katholiek Documentatie Centrum (KDC), 370, Archief KAB, 790: MvT, WW, 18 Apr. 1947.

⁵³KADOC, ACV, 72, Raadszitting, 1 June 1937.

⁵⁴KADOC, ACV, 72, Bestuursvergadering ACV, 14 June 1938.

employer federation at the time, the Dutch Employer Federation (VNW), explicitly arguing, “The reason, why employers were until now opposed to co-financing, lay exclusively in the administration of the insurance by the unions. What matters most, is that an insurance, of which the costs are partly born by the employers, may not increase the appeal of the union movement.”⁵⁵

The unions likewise understood that the proposal would have organizational consequences for them. During internal discussion on the matter in February of 1938, all of the NVV’s board members nevertheless supported it. Representative Jan Hilgenga from the farm workers’ union argued, “While the proposal will weaken the position of the trade union movement, resistance to it is impossible.” His counterpart from the construction union asserted, “The administration should lie with the union movement [but] when this goal cannot be accomplished, we should not vote against the proposal if ... the benefits for the insured will be higher than under the current arrangement.” The NVV’s treasurer, Hendrik van Dugteren, made it clear that such benefit improvements were only possible because “the employers will contribute to the insurance.”⁵⁶ During the first meeting of the High Council of Labor’s committee of advice on the insurance, which took place later, Roman Catholic Worker Union representative Henk Kuiper explained that his federation supported the proposal because “an arrangement, in which employers are also involved, will bring an important material improvement.”⁵⁷ In part because of its opposition to mandatory insurance membership, the CNV was more skeptical, but after noting that the Roman Catholic Worker Union supported the proposal, the protestant federation, in the words of its secretary Herman Amelink, preferred “adjusting rather than rejecting the proposal completely.”⁵⁸

Because the proposal left many loose ends, progress was slow. When the High Council of Labor provided its unanimous support in May of 1939, Romme’s Social democratic successor Jan van der Tempel set out to prepare a bill. After working on it for about a year, he came close to submitting it to parliament but never did so due to the German invasion in May of 1940. Its implementation would have to wait until after the war.

In Belgium, the SC’s initial response to the Fuss-initiative had already displayed its leadership’s growing willingness to compromise on unemployment reform. In fact, the ACV only managed to obtain SC agreement against the proposal “in broad terms” after a strong lobbying effort.⁵⁹ At least as indicative of the SC’s shifting stance was that its affiliates had also displayed much sympathy for the Fuss-initiative. The SC Congress voted twice on the original Fuss-initiative and while both votes resulted in defeats, the first was quite narrow, with 262 votes against and 220 in favor.⁶⁰ Since the CCI had, in turn, reconfirmed its willingness to accept employer contributions during negotiations over the initiative, it was plainly the ACV that stood in the

⁵⁵Dutch Employer Federation-secretaris Anthonie Nicolaas Molenaar. IISG, Archief Stichting van de Arbeid, 60: Brief VNW aan secretaris Hogen Raad van Arbeid, 17 Mar. 1939.

⁵⁶IISG, Archief NVV, 496: Hoofdbestuur, 1934–1938, 22 Feb. 1938.

⁵⁷IISG, Archief Stichting van de Arbeid, 60: Commissie van Advies werkloosheidsverzekering, 1 Mar. 1939.

⁵⁸IISG, Archief CNV, 17: Dagelijks Bestuur CNV, 7 Feb. 1938.

⁵⁹KADOC, ACV, 72, Bestuursvergadering, 24 Nov. 1936; see also 23 Mar. 1937 and 6 Apr. 1937.

⁶⁰NA, 2.15.29, Archief Hoge Raad van Arbeid, 84: Advies betreffende wettelijke regeling werkloosheidsverzekering, 1939.

way of a compromise during the late 1930s. Given that it had come close to achieving its double aims of “compulsory union membership” and employer co-financing in 1938, the ACV would not immediately moderate its position. The experience of wartime occupation seemed to change this. In October of 1943, clandestine negotiations between the ACV and its employer counterpart, the Federation of Catholic Employers (FEKAWE), resulted in an agreement on “the establishment of social peace in matters of wages and working conditions.” As part of the agreement, the ACV assented to extending “the principle of joint collaboration” to the administration of the unemployment insurance, in exchange for employer co-financing.⁶¹ This agreement was key to the Belgian government’s ability to make swift progress on unemployment insurance reform in the immediate postwar period.

3.

The way in which high employment levels eventually forced trade union leaders in Belgium and the Netherlands to compromise on the administration of the unemployment insurance exemplifies how exogenous shocks can lead to sudden shifts in actor preferences, and thus large-scale policy changes. In both countries, all of the main union federations prioritized the goal of preserving the unions’ central role as “carriers” of the insurance during the century’s first three decades. But they were eventually forced to shift their position during the 1930s as recession-induced austerity undermined benefit adequacy. This occurred earlier and was more complete in the Netherlands, where the SC, despite its greater willingness to compromise during the second half of the decade, had not yet formally committed itself to the dissolution of the existing system when negotiations on unemployment insurance reform resumed after the war. It is nevertheless striking how consistently similar the positions of the Belgian and Dutch union movements had remained during the interbellum. Thus, it is remarkable that they came to adopt such different positions on one key aspect of unemployment insurance reform in the period after the war’s end: the assumption of responsibility for benefit payment for their unemployed members.

The institutional variation that emerged in this regard between the two countries cannot be attributed to legislative differences: in both countries, distinctly union-friendly governments introduced specific legislative provisions to ensure that individual unions could, if they wished, act as payment centers for their unemployed members under the new unemployment insurance system. The Belgian government did so under the 1944 decree; the Dutch government under the 1949 Unemployment Insurance Act. To be sure, whereas the Belgian decree enabled the unions to open payment centers directly, the Dutch Act stipulated that the unions required permission to do so from the bipartite industrial councils that were responsible for the collection of funds and assessment of benefit eligibility under the new system. That requirement did not, however, seem to present a major obstacle. In a 1950 memorandum on the matter, the members of the newly founded Labour Foundation firmly committed themselves to the principle that “when any union expresses the desire to provide benefits to its own members, the industrial councils

⁶¹Pasture, *Kerk*, 106–7.

should take this into account.”⁶² And there is no evidence of employer opposition to union attempts to assume responsibility for benefit payment after the war.

There can, by contrast, be no doubt that the two union movements differed greatly in the extent to which they made use of the opportunities afforded to them under both systems. It is, again, well known that the Belgian union federations and their affiliates eagerly set out to create their own payment centers in all areas of the country as soon as the 1944 decree was passed. What few studies have noted, however, is that the Dutch union movement displayed little enthusiasm for doing so after the 1949 Unemployment Insurance Act. Given how useful the task of providing benefit payments was as a selective incentive for union membership, this lack of enthusiasm is perplexing. Since the clause that enabled the unions to assume responsibility for benefit payment under the 1949 Act had been introduced on their specific request, one gathers that they were cognizant of its potential use in persuading members to join trade unions and remain union members during spells of unemployment. Why then, did they decline to make optimal use of this possibility?

To answer this question it is essential to distinguish between the organizational effects of “semi-” and “pure” Ghent-systems. In a recent article on the origins of these systems, Rasmussen and Pontusson have suggested that they had minimal effect on unionization rates until the 1950s and 1960s, and that this effect was largely unintentional.⁶³ We have seen that the latter certainly was not the case—the Belgian and Dutch union federations had long recognized that state-subsidization of union-run unemployment funds was useful as a selective incentive for union membership. As a result, though this practice also imposed certain costs on their affiliates, all of them were, like most of their European counterparts, strong advocates of Ghent systems. Yet, it was a wholly different matter to handle benefit payments under conditions where the unions lacked exclusive control over collecting funds and determining benefit generosity and eligibility, which included the sensitive matter of dealing with complaints and disputes. The organizational benefits of performing more limited tasks was less clear, and the potential drawbacks to or risks of doing so were much greater.

Union leaders in both countries were mindful of these risks, yet in neither did they have experience with the development of “quasi-Ghent systems.” They therefore struggled to weigh both their risks and their organizational benefits. While the Belgian and Dutch union movements clearly differed in their net assessments of these risks and benefits of assuming responsibility for the payment of benefits for their unemployed members, this seems to have resulted from a series of contingent, context-driven factors rather than from predetermined ones that reflected “deep” or structural differences. The Belgian and Dutch movements had to make their assessments under fundamentally different economic and political circumstances, yet both were thoroughly divided on them and struggled with them.

In Belgium, the matter of unemployment insurance reform was swiftly taken up by the first postwar government, and legislative reform came about by government decree just three months after the country was liberated, in December of 1944. Because of its haste, the government enacted the decree before the social partners were able to come to a formal agreement on the reform. While that April clandestine

⁶²IISG, StvdA, 17: Bestuursvergadering, Nota Organisatie, 16 Jan. 1950.

⁶³Rasmussen and Pontusson, “Working Class,” 795–96.

negotiations between trade and business representatives had produced a groundbreaking national-level Social Pact on social insurance reform, its signatories had been unable to agree on the sensitive and complicated matter of the administration of unemployment insurance. The Pact therefore explicitly stated, “The question of the institutions for the payment of benefits [for the unemployment insurance] is reserved for later.”⁶⁴ Given the ACV’s agreement with the FEKAWE only one year earlier, and that several prominent SC affiliates had expressed their support for a mandatory, state-administered system during the war,⁶⁵ the responsible minister, Achiel van Acker, a former SC-representative, felt that sufficient progress had been made. He therefore pressed ahead toward bipartite administration in exchange for employer co-financing and mandatory insurance membership. His assessment proved correct, since neither the ACV nor the General Labor Foundation of Belgium (ABVV), the SC’s postwar successor, loudly complained about his decision.⁶⁶ And, as the prewar Fuss-initiative had also proposed doing this, it was only natural that the December 1944 decree allowed the unions to assume responsibility for paying benefits to their unemployed members.

Due to the rapid pace and timing of reform, we have little documentary evidence of what prominent trade union leaders were thinking during this period, yet it is easy to see why a vast majority of them deemed it essential that the unions take full advantage of the possibilities. When the decree was issued, the confessional and socialist union movements had only just begun to rebuild their organizations, which had been disbanded in favor of a German-friendly organization during the occupation. On top of this, both wings of the union movement were alarmed at the emergence of a new communist union federation, the Belgian Association of United Unions (BVES), which attracted so many workers in the immediate postwar months that it briefly looked as though it might become the country’s largest union federation.⁶⁷ Given this situation, the leaders of the “recognized” unions must have felt a need to preserve all instruments that served to strengthen their bonds with former and potential members.

Even so, leaders of the main union federations and their affiliates were by no means unified regarding the position that unions should assume a strong role in providing benefit payments. As late as 1945, after the decree had passed, the ACV’s strategic program still proposed that all aspects of the insurance’s implementation, including payments of benefits, should be done on a sectoral, bipartite basis. It did so based on the reasoning that fully bipartite implementation was more effective and would therefore result in “less excessive administrative costs.”⁶⁸ Five years later, in 1950, this view still resonated in ACV circles. In that year, a government-appointed committee published a report on administrative reform under which benefit

⁶⁴“Un projet d’accord de Solidarité sociale,” *Revue du Travail* 66 (1945): 18.

⁶⁵On the support of these SC affiliates, see Vanthemsche, *De beginjaren*, 196.

⁶⁶It is, for instance, notable that the SC did not refer to the administration of the unemployment insurance in its 1945 social program, even though the SC was highly critical of many other features relating to the administration of the social insurance system. See, for instance, AMSAB, MAD/116.24, ABVV, Statutair Congres, 23 Dec. 1945. Idem for ACV 1945 report.

⁶⁷For a detailed analysis of this period, see Rick Hemmerijckx, *Van Verzet tot Koude Oorlog: Machtsstrijd om het ABVV* (Brussel: VUB Press, 2003).

⁶⁸AVC, *Nieuwe Tijden. Het Christelijk Sociaal Programma voor de eerstvolgende periode* (Brussel: ACV, 1945), 33.

payments would also be given out in a bipartite manner. Its Christian-democratic co-chair, Walter Leën, published a separate note arguing for a more unified administrative system in which a single agency would pay unemployment insurance benefits, which sparked much debate within the ACV. Even though the proposal would eliminate the more than five hundred union-run payment centers that had been set up across the country in recent years, several board members voiced support for it. These included the federation's secretary, Alfred Califice, who argued that the proposal would "result in a reduction in administrative costs ... and therefore give us the opportunity to intensify our focus on trade union action. It can therefore serve as a basis for discussion." Other board members, including Jozef Keuleers from the Chemical Workers Union and Matthieu Thomassen from the Miners Union, agreed, and posited, "The current union movement ... can without danger abandon services, which, if they facilitate the recruitment of members, are very often a point of death. Organizations can only gain dynamism from this."⁶⁹

Because a majority of union representatives disagreed and emphasized the necessity of "maintaining a minimum of means of contact to influence the masses," the proposal was never enacted.⁷⁰ It is nevertheless telling that various prominent representatives of the federation who had been the most unwavering proponents of the Ghent system before the war proved willing to discontinue the practice of unions administering benefit payments to unemployed members, as late as 1950. ABVV representatives may well have agreed to do this at the time.⁷¹ Yet, as the organizational benefits of assuming responsibility for benefit payments became clearer in later years, so undoubtedly did trade union support for it. These organizational benefits were facilitated by a 1951 reform, which, as the ABVV leadership noted with some satisfaction, was accompanied by operating procedures "which will make it more difficult for the auxiliary payment center [for non-union members] to function, which is exactly what we wish for."⁷²

In the Netherlands, the government quickly addressed the matter of unemployment insurance reform at war's end. This meant that the Dutch union federations initially found themselves in a position similar to that of their Belgian counterparts. Like them, they had to turn their attentions to unemployment insurance reform at a time when they had just started the process of rebuilding their organizations, and felt threatened by the emergence of a new, communist-dominated union federation, the Unified Labor Union Federation (EVC). The EVC proved very popular right after the war, and was briefly larger than the socialist NVV, which excluded communist workers.⁷³ There was one critical difference between the

⁶⁹KADOC, ACV, 60, Rapport de la reunion du Bureau, 14 Feb. 1950.

⁷⁰Ibid.

⁷¹Since the social-democratic committee chair, Henri Fuss, did not question the unions' involvement in paying unemployment benefits, the ABVV could simply respond to Leën's proposal by stating, "The system has functioned well since liberation"; AMSAB, 144.00049.a.b., ABVV, Verslag hervorming sociale zekerheid. Statutair Congres, 19 May 1951, 34.

⁷²AMSAB, ABVV, 144.00296.024, Nationaal Bureau, 24 July 1956.

⁷³Historians have given tremendous attention to the relationship between the EVC and existing union federations. For some excellent examples, see Ernet Hueting, Frist de Jong, and Rob Neij, *Naar groter eenheid: De geschiedenis van het Nederlands Verbond van Vakverenigingen, 1906–1981* (Amsterdam: Van Gennep, 1983); and Paul Coomans, Truike de Jonge, and Erik Nijhof, *De eenheidsvakcentrale (EVC) 1943–1948* (Groningen: Tjeenk Willink, 1976). For an English-language analysis, see Windmuller, *Labor Relations*, 128–31.

two countries, though: whereas the Belgian government had felt that the uncertainties of the postwar period warranted swift action, the Dutch government was slower to move forward. The question of whether the unions should resume responsibility for providing benefit payments to their unemployed members did not acquire major salience there until as late as 1949. By that time, the conditions under which the unions operated were quite different since membership rates had recovered and the communist threat had been firmly defeated.⁷⁴ As a result, the unions' calculations of the benefits and risks of undertaking member benefit payments changed as well.

There is no doubt that the unions over time adopted a more negative assessment of these potential benefits and risks. When the three union federations consented to the introduction of a new mandatory unemployment insurance system based on bipartite administration in the late 1930s, they did so under the condition that "the unions will be fully involved," and not in benefit payments, but "also for audits and the treatment of complaints and disputes ... at least for our own members."⁷⁵ The employer federations, in turn, argued, "Proper administration of the insurance is incompatible with the possibility of involving individual unions in the administration of the insurance."⁷⁶ The unions reconfirmed their position after the war, but were soon forced to concede on this point. A committee set up by the Roman Catholic Worker Union's postwar successor, the Catholic Workers' Movement (KAB), grudgingly reported having to do so in 1950: "The committee initially ... judged that the bona-fide trade union movement would be involved in the administration of the unemployment insurance in the same degree as had been the case before May of 1940. Gradually, it turned out that the way in which the administration was to be performed differed from the position that we initially assumed." Though one committee member argued that the union movement should make the recognition of new industrial councils dependent on their willingness to involve the unions in the broader administration of the insurance, he was a lone voice.⁷⁷

While the employer federations would in 1950 confirm that the unions should be given the opportunity to make use of their legislative right to provide benefit payments to their members, by that time it had become clear that the unions were far from eager to do so. During internal discussions on the matter in late 1949 and early 1950, the members of the KAB committee, for instance, emphasized that they had viewed tasks such as the collection of data, the provision of benefits, control of fraud, and the treatment of complaints and disputes "as an inseparable whole." To separate these would be a mistake given that "the vast majority of the organized labor does not or has insufficient insight into the limitations of the [unions'] competences under the law," and would therefore "view the union movement as responsible for decisions, which will be taken by the industrial councils."⁷⁸ Various NVV board members similarly expressed their concerns that "all types of complaints will be pushed on the neck of the unions ... over which they had no control, because they are

⁷⁴Ibid.

⁷⁵NA, 15 Feb. 1929, Archief Hoge Raad van Arbeid, 84: Advies wettelijke regeling werkloosheid, 1939, 37–38; IISG, Archief Jan van den Tempel, 1462, Nota Werkloosheidsverzekering, n.d.

⁷⁶Ibid, 39.

⁷⁷KDC, 370, Archief NKV, 1015: Rapport Commissie Uitvoering Wet Verzekering werkloosheid, 22 Feb. 1950.

⁷⁸KDC, 370, Archief NKV, 1024, KAB-commissie advies verzekering werkloosheid, 7 Oct. 1949; Ibid., 1015, Rapport Commissie werkloosheidsverzekering, 22 Feb. 1950.

subordinate to bodies outside of the union movement.⁷⁹ Given these factors, assuming responsibility for benefit payments meant that “the union movement ... would become a body that has to deal with the complaints of the unemployed.”⁸⁰ Both NVV and KAB representatives viewed the creation of separate organizations for the general administration of insurance and benefit payment as “complex” and therefore “inefficient” and “costly,” with one KAB representative warning, “One should not lay too much financial hay on the fork.”⁸¹

For the KAB leadership, it also mattered that a committee chaired by the Catholic economist Johannes Veraart, whose proposals for corporatist labor market reform had earned him an immense stature among Catholics, spoke out in favor of full bipartite administration.⁸² Many NVV representatives, in turn, expressed doubts as to whether “cooperation on benefit payment has much propagandic value,” especially since “in the past the delivery of benefits meant that the organized received a financial advantage. This has now been cancelled.”⁸³ As early as October of 1949, an ad hoc NVV committee on unemployment insurance reform had already concluded, “There is no need for involvement in the payment of benefits, as the unemployment insurance is not viewed as a means to connect members to the organization.” The committee went so far as to argue, “The establishment of an investigation on the question of whether the benefit should be delivered [by the unions] is not wanted”—a stance that the NVV leadership viewed as premature.⁸⁴

While there were NVV and KAB proponents of assuming responsibility for benefit payments, they were now plainly in the minority. The CNV, by contrast, seems to have held a more positive stance toward doing so, yet as the smallest of the three federations, it was reluctant to forge ahead on its own. For instance, in December of 1949 the NVV board mentioned “confessional plans to set up an industrial council in the retail trade and craft with a separate administrative office for the unions.” When the NVV responded with, “We do not support this,” the plans were shelved.⁸⁵ Nor was there much enthusiasm for assuming benefit responsibility at the affiliate level. During internal discussions on the matter with the representatives of their federations, just before the Unemployment Insurance Act came into effect in 1952, NVV affiliates such as Mercurius, the Factory Workers Union, and the Union for Metallurgic Industry, as well as the KAB Metalworkers’ Union, instead announced that they would seek to negotiate private supplements to the unemployment insurance benefit that would exclusively apply to organized workers.⁸⁶ When this proved unfeasible, none of them expressed any interest in assuming responsibility for benefit payments for their own members.

In the end, the only affiliates that assumed this task were those that represented workers in the construction and agricultural sectors, which already cooperated with

⁷⁹IISG, NVV, 29: Verbondsbestuur, 14 Nov. 1949.

⁸⁰IISG, NVV, 506: Hoofdbestuur, 16 Feb. 1950.

⁸¹KDC, 370, Archief NKV, 1024, KAB-commissie werkloosheidsverzekering, 22 Feb. 1950; KDC, 370, Archief NKV, 1326: Dagelijks Bestuur KAB, 12 May 1952.

⁸²IISG, NVV, 54: Rapport uitvoering werkloosheidsverzekeringen, 28 Jan. 1949.

⁸³IISG, NVV, 29, Verbondsbestuur, 14 Nov. 1949. See also IISG, NVV, 506: Hoofdbestuur, 16 Feb. 1950.

⁸⁴IISG, NVV, 171, Dagelijks Bestuur, 24 Oct. 1949.

⁸⁵Ibid., 19 Dec. 1949.

⁸⁶IISG, NVV, 504, Hoofdbestuur, 16 Mar. 1948; KDC, 370, Archief NKV, 179, Raad van Vakcentralen, 31 May 1952, 5 Aug. 1952, and 26 Aug. 1952.

existing industrial councils to deliver benefits for workers inactive due to winter frost and (early) retirement. While the industrial council for tobacco processing industries appointed worker representatives to which unemployed workers could turn to for advice and information none of the other industrial councils did so. In fact, in what was without doubt an attempt to limit administrative expenses, various of the bipartite-run industrial councils chose to delegate responsibility for benefit payments to individual employers—something specifically allowed under the 1949 Act.

Conclusion

While only three European countries currently maintain pure Ghent systems, over a dozen did so at some point during the last century. We have seen that the disappearance of these systems in most of these countries cannot be attributed to any single factor; instead, the importance of different factors in shaping policy choices regarding Ghent depended on the prevailing economic and political state of affairs and therefore differed from country to country. Further, because these circumstances tended to vary a good deal over time, explanations for particular choices have to incorporate both inherent and contingent factors. To explain the disappearance of the Belgian and Dutch Ghent systems after the war, for instance, we need to focus on the irreconcilable nature of trade union goals regarding the delivery, range, and funding of unemployment insurance, a feature that was ensured by the presence of “bourgeois” majorities there. Yet this feature by no means made the disappearance of these Ghent systems inevitable: in the absence of unemployment, levels of which were significantly higher than in most surrounding countries, the Belgian and Dutch union movements might, for example, have felt no need to shift their priorities regarding these three objectives during the 1930s, which would have surely changed the dynamics of unemployment insurance reform in both countries. Moreover, both trade union movements actually did come quite close to achieving all of their objectives during that decade.

Contingent factors may have played an even larger role in the choices the Belgian and Dutch union movements made just after the war for and against, respectively, assuming responsibility for benefit payments under the new mandatory unemployment insurance. After all, not only were the organizational benefits and costs of doing so arguably more difficult to assess than those of “pure” Ghent systems, but the factors that affected the unions’ assessments were also more incidental. Thus, had the Belgian government moved forward more slowly, then Belgian union leaders would have been able to make their choice at a time when the traditional union movement had regained its strength and fended off the communist threat. That might have left them much less eager to assume the task of acting as payment centers for their own unemployed members, which, as late as 1950, many of them still saw as a nuisance that the union movement could better do without. The Dutch union federations may, in turn, have more positively assessed the potential benefits and disadvantages of this task if they had been forced to make their choice during a period when they had just started rebuilding their organizations and still greatly feared a communist takeover.

Finally, while with the benefit of hindsight we may view the Dutch unions’ decision as having been a mistake, it is important to note that it took nearly a

generation for that decision's significance to become clear. While union density rates have consistently been higher in Belgium than in the Netherlands since the 1950s, both union movements experienced significant growth during the 1950s and 1960s. The organizational "spread" between the two was only about five points by the early 1970s. Not until unemployment rates began to increase significantly during that decade did a more noticeable gap appear, which then grew as union density rates in the Netherlands and other countries lacking strong selective incentives for union membership slowly declined. Today, union density stands at just over 50 percent in Belgium, compared to about 15 percent of the Netherlands. The importance the choice of unemployment insurance design had for the eventual organizational resources of the working class becomes more apparent every day.

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