



# Belgium Report

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## Sustainable Governance Indicators 2018

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## Executive Summary

Belgium, located at the heart of northwestern Europe, is a small, densely populated country of 11.4 million inhabitants. Its economy is generally healthy despite strong and enduring regional disparities. In comparative terms, Belgium has been one of the euro zone's most stable performers in recent years. At the time of writing, the country's 2017 gross domestic product (GDP) was projected to reach €436 billion (at current prices, equivalent to \$492 billion). In real terms, this represents a 8.5% increase over 2008. As contrast, France and the Netherlands each registered cumulative GDP growth rates of 6.7% over the same period, while Germany's economy grew by 10.9%.

Belgium has an extremely open economy, with imports and exports totaling 170% of GDP. This renders the country very vulnerable to international trade fluctuations. This openness has also led to employment losses as a result of the country's tendency toward inflation rates higher than those of its neighbors. In part due to a vigorous tightening of unemployment-benefit conditions imposed by the government, official unemployment rates have remained consistently below the euro area average. However, employment rates have also fallen consistently below targets, and have shown little growth.

The country boasts a well-educated population, attracts substantial foreign direct investment, maintains high-quality hospitals and R&D facilities, and hosts the seats of multiple supranational institutions (prominently including the European Union) as well as the European headquarters of numerous multinational companies. Global macroeconomic conditions affecting the country are generally favorable and should keep improving given accelerating growth across the EU. With its comprehensive road, rail, water and information-technology networks, as well as its world-class harbors, Belgium provides direct access between Europe and the rest of the world. Its openness in terms of trade and high reliance on exports forces Belgian companies to maintain competitiveness or lose their market position.

Yet despite its economic strength, Belgium has recently found it difficult to maintain its international standing. This is in part due to a succession of external shocks. Like all euro area nations, the country suffered from the global financial and economic crisis and was forced to bail out some of its

banks. In combination with these economic shocks, a series of terror attacks on the country had a non-negligible impact on the economy. This reinforced the country's preexisting public-debt problem and required significant budgetary adjustment, with the result that public investments in infrastructure and in education have declined below a healthy level, with the consequences already visible. From a structural perspective, Belgium is also home to one of the most significant separatist movements in Europe, a fact that has produced public institutions that are both complex and fragile, undermining efficiency.

Summarizing these strengths and weaknesses, the International Institute for Management Development (IMD) ranks Belgium as the 23rd most competitive economy in the world (a five-position improvement over 2014, but one place below its level a year ago), and the World Economic Forum (WEF) ranks the country 20th out of 137 (17th in 2014) in terms of global competitiveness.

The Charles Michel government, which took power in October 2014, committed to avoiding institutional infighting, resolving to focus instead on structural and socioeconomic reforms. It has had some success in this regard. Belgium's main policy challenge is that of successfully balancing economic growth with social inclusion, both among economically weak native Belgians and within its foreign-origin population. It must accomplish this while capping government outlays, particularly with regard to social expenditures, and reinforcing the long-term sustainability of its public finances. Future public pension liabilities, which represented close to 180% of GDP in 2002 (Flawinne et al. 2013), are a critical concern here. This general financial challenge has become increasingly complex in the wake of the refugee crisis and in the context of the slow-growth environment that plagued much of Europe through early 2017.

However, a restoration of economic growth was evident last year thanks to a positive global environment, increasingly restrictive immigration policies (with some decisions testing both moral limits and the limits of the Geneva conventions, though stopping short of outright abuses). Moreover, a series of political scandals involving abuses of office by mid-level public officials (not ministers nor party leaders) triggered a fall of the subnational Walloon government, which was followed by majorities that were de facto more homogeneous across the various levels of government, potentially improving government efficiency.

As noted, the federal government did manage to achieve some of its objectives. However, distinct failures were also evident, such as its botched attempt to tax capital gains, which it had to reverse after only a single year. A

more significant corporate-tax reform seems on track. Planned pension reforms are progressing as well, albeit slowly. Other “structural” reforms aimed at improving labor-market competitiveness have had some limited impact. However, there has been little effort to engage in structural reform of the goods and services markets, and progress with regard to limiting corruption and abuse of office has been slow. Among its other ambitious goals, the government has set its sights on improving government efficiency, restoring the sustainability of social security and strengthening the judiciary. To date, limited progress has been made in any of these areas.

The long-term challenges for the current and for future governments will be fourfold: They must increase investment and jobs in ways that benefit all Belgian regions and socioeconomic groups; they must maintain fair intra- and intergenerational transfers; they must promote knowledge creation and innovation in the private sector without impairing access to the public goods and services necessary for social cohesion; and they must better integrate the second- and third-generation immigrants who are now Belgian citizens, both socioeconomically and culturally. These challenges will require better concertation and more fluid collaboration between the political authorities at the national (federal) and subnational levels.

## Key Challenges

Belgium’s key challenges are several. It must 1) improve its competitiveness and reinforce the sustainability of its economy (in numerous areas including public accounts, the environment, education and so on); it must 2) rationalize and stabilize its institutional arrangements; and it must 3) better integrate those on society’s margins, particularly second- and third-generation Muslim minorities.

During the Great Recession, Belgium managed to limit the damage inflicted on the country’s small- and medium-sized enterprise sector. On the whole, the country experienced only a slight recession. By 2010, real GDP had fully recovered and today sits 8.5 percentage points above its 2008 level. Clearly, Belgium’s economic situation better resembles that of Germany than that of Greece. However, it has suffered from a progressive erosion of competitiveness that the government has struggled to address effectively. It has one of the most open economies in the world, with small policy missteps thus having sizable consequences. Belgium’s (and, more generally, Europe’s) share of global exports has shown a consistent decline, as has its share of technological exports more specifically. The country has lost considerable

ground in the car-manufacturing and high-tech-steel sectors, as well as in other industries. It thus needs to identify new areas capable of fostering high levels of GDP growth and aggressively transfer productive efforts toward these sectors.

To improve its economic standing, the country needs to free up resources in such a way as to enable it to resume infrastructure investment and tackle its environmental and mobility issues. In the longer run, it will have to improve its education system further and reinforce the economy's general innovative capacity, both by improving workers' skills and through product-market reforms stimulating the entry and expansion of new innovative firms. To date, the government has largely focused on a so-called tax shift intended to increase incentives for firm-level investment and job creation. Together with a tightening of unemployment-benefit conditions, this has slightly reduced the cost of labor. However, results have been limited – perhaps due to sluggish growth and investment levels worldwide. However, many pundits have criticized these reform efforts as being too timid.

With respect to institutional arrangements, Belgium has suffered from decades of political instability caused by persistent cultural and political tension between the Flemish and the Walloon regions. Flanders remains wealthier, with unemployment rates about half the level seen in Wallonia. Wallonia's economy once relied on coal mining and heavy industry. Today, the region continues to struggle with the process of shifting away from dependence on these industries. Moreover, the Spanish separatist tensions pitting Catalans against Castilians may prove to rekindle similar frustrations in Belgium. Maintaining a relationship of mutual respect between the country's different communities will be critical in order to avoid falling back into political paralysis and sluggish socioeconomic reforms.

The current government has said it would relinquish any additional institutional reforms, seeking to minimize political complications. Nonetheless, tax reforms implemented on the national level will have significant distributional consequences on the regions (in particular, for Wallonia). As a result, the deficit in Wallonia may balloon in the coming years. This will prevent the region from pursuing expensive reforms or making necessary public investments. There is thus a risk of political deadlock as the next round of elections approaches (2018 for municipal and 2019 for regional, federal and European elections).

Finally, Belgium will have to deal with increasing inequality and social tensions. The country's health care system is today one of the planet's best and most accessible. But the objective of reducing the costs of social security will

reduce its generosity. Similarly, the pension system has allowed for broad early-retirement benefits, with this practice becoming the norm at very high cost for the Belgian economy. Reforms on this front have been necessary for decades. Current efforts have certainly moved in the right direction, but have simultaneously stoked social tensions. Racial divisions have also widened since the terror attacks in Belgium and the rest of Europe. Anti-terror and anti-crime policies are an obvious necessity, but must be accompanied by significantly improved integration policies. Some of these efforts must start at the primary-school level or even before. However, education policies have been delegated to the subnational authorities, producing very unequal outcomes. For example, Flanders fares well in international rankings, whereas the French-speaking community fares very badly (in part due to a larger proportion of socioeconomically deprived groups within this population).

Unemployment and poverty rates remain stubbornly high in Brussels, a city that attracts a large share of the country's immigrants. However, education-sector underinvestment means that space within the city's schools has been increasingly insufficient to provide adequate schooling to the city's growing student population. It is unclear whether recent increases in investment will be reverse this problem. Given the comparatively broad dissemination of radical Islamist propaganda in the country, disenfranchisement must be addressed. Integration is bound to remain a major issue in Belgium over the next decade.

Citation:

<http://www.premier.be/sites/default/files/articles/PPWT%20BUDGET%202016%20FR.pdf>

<https://www.pwc.be/en/news-publications/news/tax-reform.html>

<http://www.doingbusiness.org/data/exploreeconomies/belgium#enforcing-contracts>

[http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809(01)&from=EN)

<http://www.oecd.org/pisa/>

Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

<http://www.mipex.eu/integration-des-immigres-les-forces-et-les-faiblesses-de-la-belgique>

Koutroubas, Theodoros, et al. (2011), 'The complex community mosaic in Belgium,' in Michael Emerson (ed.), *Interculturalism: Emerging societal models for Europe and its Muslims* (Brussels: Centre for European Policy Studies), 55-76.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 7

Located at the heart of the euro area and the European Union, Belgium is a small, open and competitive economy. Its performance depends as much on the actions of its federal and local governments as on the general economic climate of the euro area. The adjustments initiated in the wake of the economic crisis have restrained economic growth for several years, but substantial improvements on that front are now evident.

The high degree of exposure to global competition forces governments to keep an eye on the country's international competitiveness, with mixed results. Belgium's competitiveness eroded over the last decade, with production costs and market distortions progressively worsening in comparison with those of immediate neighbors. This resulted in erosions of the country's export share within world markets. To compensate, the country offered increasingly generous tax deals to multinational enterprises. As these have recently been criticized as illegal state aid, the Michel government initiated a set of structural and tax reforms meant to 1) reduce the inflation gap (unfortunately focusing more on wage-cost cuts than on product-market structural reforms), 2) partially remedy the labor-tax distortions that contribute to the competitiveness handicap and 3) reduce corporate taxation across the board – this latter policy being a recent development not initially planned by the government.

These efforts essentially represent the positive side of current efforts. On the negative side, we can identify: 1) structurally low levels of public infrastructure investment (as much as a full GDP point below levels in France and the Netherlands – see the WEF's competitiveness report and/or the OECD's economic survey of Belgium); 2) employment rates that remain consistently low as compared to the OECD average, especially among youth; 3) low levels of GDP per hour worked in comparison to the OECD average; and 4) chronic

underfunding of the higher-education sector, meaning that Belgium's once-strong position in terms of worker skills is likely to continue eroding.

Another major challenge hindering international competitiveness is the relatively low level of entrepreneurship, which hinders the market entry of young, innovative firms. In addition, the government is unusually right-wing for a country with a tradition of middle-of-the-road coalition governments. The current government's heavy-handed reform style has provoked substantial opposition and political unrest (e.g., demonstrations and strikes) that has done little to contribute to the investment climate.

Citation:

<http://www.plan.be/press/communique-1706-fr-la+croissance+de+l+economie+belge+s+etablirait+a+1+7+pct+tant+en+2017+qu+en+2018>

<http://www.oecd.org/eco/growth/Going-for-Growth-Belgium-2017.pdf>  
<http://www.oecd.org/belgium/economic-survey-belgium.htm>

[http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809(01)&from=EN)

Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

Productivity growth is slowing: <http://www.oecd.org/global-forum-productivity/country-profiles/belgium.htm>

Reforms and economic perspective:  
[http://www.plan.be/admin/uploaded/201606211317350.FOR\\_MIDTERM\\_1621\\_11276\\_F.pdf](http://www.plan.be/admin/uploaded/201606211317350.FOR_MIDTERM_1621_11276_F.pdf)

Too little entrepreneurship: [http://www.plan.be/admin/uploaded/201606240814370.WP\\_1606.pdf](http://www.plan.be/admin/uploaded/201606240814370.WP_1606.pdf)

## Labor Markets

Labor Market  
 Policy  
 Score: 6

At the onset of the financial crisis, unemployment rates in Belgium did not see increases as dramatic as those elsewhere in Europe, reflecting the effectiveness of the Belgian social safety net. Economic inequality rates also remain well below the EU average. Eurostat and National Bank of Belgium data show that standardized unemployment rates remain low in comparison with the euro zone average.

Nevertheless, labor-market performance has declined in recent years. Unemployment-rate data have masked stagnation in the employment rate. This means the country's labor-market participation rate is eroding in comparison with Germany and the Netherlands. However, it is on par with France's, another poor performer (see Eurostat's Employment rate statistics)

According to several analyses (including that of the Council of Europe), this employment-rate sluggishness is attributable to an insufficiently strong link between wages and productivity; financial disincentives to work (in part due to



high taxes and social contributions on labor); increasing mismatches between the demand and supply of labor skills (reflecting low levels of investment in higher and continuing education); workers' insufficient intra-regional mobility (that is, between Flanders, Wallonia and Brussels); and pockets of high unemployment especially in Brussels and the former industrial basins in Wallonia.

Citation: Council of Europe's recommendations: [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809(01)&from=EN)

Eurostat's Employment rate statistics: [http://ec.europa.eu/eurostat/statistics-explained/images/3/39/Employment\\_rate\\_by\\_sex%2C\\_age\\_group\\_20-64%2C\\_1993-2016\\_%28%25%29.png](http://ec.europa.eu/eurostat/statistics-explained/images/3/39/Employment_rate_by_sex%2C_age_group_20-64%2C_1993-2016_%28%25%29.png)

Source: NBB (2017). "Economic indicators for Belgium (2017-45)". <https://www.nbb.be/doc/dq/e/dq3/histo/iee1745.pdf>

## Taxes

Tax Policy  
Score: 6

By OECD standards, Belgium's tax structure is inequitable. The tax base is too narrow, and puts excessive pressure on labor income (along with Italy, Belgium has the OECD's highest effective tax and social-security wedge on labor), which in turn produces incentives for tax avoidance and evasion. Conversely, much capital income (e.g., housing rents, capital gains, and some multinationals' profits – a significant sum given the presence of a large number of such firms in the country) is either inefficiently taxed or not taxed at all.

Several factors have prevented the country from tackling these issues. There is a lack of political willingness to engage in significant tax-system reform, and no wealth registry that would enable detection of mismatches between declared income and spending. Moreover, federal-level fiscal administration is decidedly suboptimal, with the government seemingly unable to effect improvements in performance.

Consequently, while horizontal and vertical equity within each income source (i.e., labor, capital and corporate income) are guaranteed in theory, differential treatment and a lack of information undermine this principle in practice. Belgium is technically numbered among the most equitable countries worldwide on the basis of measured inequality, but this is based on official taxed income, which is blind to untaxed incomes. Since taking office, the present government has additionally tasked itself with reducing government spending as a share of GDP. Its efforts have been disproportionately focused on health care and social security spending, which may increase purchasing-power inequality in the medium term.

Nonetheless, some significant and positive developments must be noted. Due to increasing pressure from the European Union, Belgium is engaging in deep reforms of its corporate tax structure. According to PwC, “the standard corporate-income tax rate of 33% would be lowered to 29% in 2018 and to 25% as from 2020. SMEs would even see a decrease in the rate to 20% as from 2018 for the first bracket of €100,000 profit.”

In its March 2016 recommendations, the Council of Europe wrote that “Belgium did not make sufficient progress toward compliance with the debt rule in 2015. [...] The [Belgian government’s] revised medium-term budgetary objective, set at a balanced budgetary position in structural terms, is expected to be reached by 2018. However, the recalculated structural balance still points to a structural deficit [...] in 2018. [...] The macroeconomic scenario underpinning these budgetary projections is plausible. However, the measures needed to support the planned deficit targets from 2017 onward have not been sufficiently specified.” This body also emphasized that, “[t]here is still considerable scope for improving the non-cost dimension of external competitiveness. To safeguard and enhance current welfare levels, more emphasis should be placed on productivity gains and investment in knowledge-based capital.”

Citation:

Lack of administrative information on wealth:  
[http://www.lecho.be/actualite/archive/L\\_absence\\_de\\_cadastre\\_des\\_fortunes\\_complicue\\_la\\_tache\\_du\\_fisc\\_belge.9828652-1802.art?highlight=cadastre%20fortunes](http://www.lecho.be/actualite/archive/L_absence_de_cadastre_des_fortunes_complicue_la_tache_du_fisc_belge.9828652-1802.art?highlight=cadastre%20fortunes)

Council of Europe’s recommendations: [http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809\(01\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017H0809(01)&from=EN)

<https://www.pwc.be/en/news-publications/news/tax-reform.html>

<http://www.doingbusiness.org/data/exploreeconomies/belgium#enforcing-contracts>

## Budgets

Budgetary Policy  
Score: 6

Belgium was hit by several successive shocks in 2015 and 2016. The refugee crisis produced an unanticipated increase in spending that will continue in the medium term (though successful integration of the migrants into the labor force should eventually compensate for this spending, and even prove a net benefit). Then, Brussels was hit by a terrorist attack in March 2016. On top of its direct impact on the population, this sequence of shocks had significant negative effect on the economy, both directly (e.g., in the tourism sector) and indirectly (by producing a negative image), as well as on the government’s budget balance due to a strong increase in security-sector spending.

In parallel, the government introduced tax cuts that reduced government income. As a result, the government deficit increased in 2016 despite a drop in interest rates. Cutting the structural deficit will require additional effort.

Despite these challenges, National Bank of Belgium data indicate that Belgium's consolidated gross public debt actually peaked in 2014, at 106.8% of GDP. At the time of writing, analysts expected this figure to decrease to 103.8% of GDP by the end of 2017, and to 102.7% by the end of 2018, a significantly better outlook than forecast a year previously. However, these forecasts focus only on the government's explicit debt. The implicit pension debt related to entitlements that will be owed to current workers in 10 to 20 years still represents a ticking time bomb.

Regarding the precision of these forecasts, two opposite pieces of information are relevant. On the one hand, a number of the government's past deficit predictions have proven to be overly optimistic. The recent corporate-tax reform was touted as being budget-neutral, but that claim should be taken with a grain of salt. On the other hand, a recent European Central Bank study estimated that the output gap in the euro zone has likely been underestimated by a factor of at least two. If this is true, Belgium's structural deficit is actually much lower than estimated by the European Commission.

Citation:

<https://www.nbb.be/doc/dq/e/dq3/histo/iee1745.pdf>

<https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1966.en.pdf?c79b834f95a2971a94c1c47de3685747>

Public

finance

sustainability:

[http://www.plan.be/admin/uploaded/201603311238220.Rapport\\_mars2016\\_FR.pdf](http://www.plan.be/admin/uploaded/201603311238220.Rapport_mars2016_FR.pdf)

## Research and Innovation

R&I Policy  
Score: 6

R&D policy is shared between the central government, which can offer tax incentives, and the subnational (regional and community) governments, which are responsible for managing European subsidies and supporting university R&D and related projects. This increases subnational accountability but hurts coordination and limits economies of scale. According to KPMG, a consultancy, Belgium has “increased its attractiveness as a prime location for companies involved in research and development activities and in the exploitation of patents.” The country's location, transportation facilities and infrastructure offer considerable advantages to potential investors, KPMG says.

General investment levels have declined across the OECD since the onset of the financial crisis in 2007. Belgium withstood that negative trend comparatively well, with investment as a share of GDP hovering around 23% (comparable to France and Austria, and three points above Germany or the Netherlands, according to IMF data). Specific R&D investment stands at 2.5% of GDP, which is lower than in Germany, Denmark and Austria, but ahead of France, the Netherlands or the EU average (Eurostat data).

In spite of this, Belgium still suffers from a chronic shortage of new and innovative enterprises. Dumont and Kegels (2016) write that “Belgium performed rather well in terms of net job creation over the period 2000 – 2014, in comparison with [...] neighboring countries. [...] However, our results underline the importance of the decrease in industry-level productivity growth as the main explanation of the aggregate productivity-growth slowdown. [...] Belgium stands out unfavorably from other OECD countries, in its low entry of new firms. [...] The specific tax benefit for young innovative companies, introduced by the Belgian federal government in 2006, and the Start-up Plan that was initiated in 2015, seem to be good practice in targeting tax incentives on young firms [...]. It seems that access to finance is the major barrier for entrants and young firms in Belgium. [...] Despite improved fiscal incentives, Belgium remains technologically considerably behind other European countries of a similar size such as Denmark and the Netherlands. While some indicators such as patent registration and monetary returns may be improving, the technological content of the country’s exports is progressively eroding. Universities are chronically underfunded [...]. This should not overshadow important exceptions; a highly skilled work force is present, and fiscal incentives have attracted some research-intensive firms in the chemical, pharmaceutical, and more recently computer-science sectors (such as Google, in the latter category).”

Citation:

Dumont and Kegels (2016): [http://www.plan.be/admin/uploaded/201606240814370.WP\\_1606.pdf](http://www.plan.be/admin/uploaded/201606240814370.WP_1606.pdf)

Eurostat on R&D expenditures:

<http://ec.europa.eu/eurostat/tgm/graph.do?tab=graph&plugin=1&pcode=tsc00001&language=en&toolbox=dat>

IMF for total investment:

[http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?pr.x=20&pr.y=14&sy=1998&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=122%2C124%2C138%2C132%2C134&s=NID\\_NGDP&gpr=0&a](http://www.imf.org/external/pubs/ft/weo/2017/02/weodata/weorept.aspx?pr.x=20&pr.y=14&sy=1998&ey=2022&scsm=1&ssd=1&sort=country&ds=.&br=1&c=122%2C124%2C138%2C132%2C134&s=NID_NGDP&gpr=0&a)

## Global Financial System

Belgian banks suffered extensively during the global financial and economic crisis, and the Belgian government was more proactive than many of its European peers in restructuring banks. Yet Belgium is clearly too small to be able to restore financial stability alone. Indeed, some of the largest Belgian banks are structurally linked to other European banks, or have in fact become subsidiaries of larger banks with headquarters based in neighboring countries (e.g., ING, BNP Paribas). This has led the government to promote international efforts to restore financial stability and combat financial fraud and tax evasion (from which Belgium is a clear loser, in spite of repeated initiatives to recover

revenues lost through tax evasion using banks based in countries such as Luxembourg). Belgium also took an active part in the creation of the so-called banking union in the euro area, and has sought to improve banking supervision within its borders. Various scandals such as the Panama and Paradise papers press leaks have also given new impetus to the government's efforts to improve banking transparency. Indeed, some Belgian investigative journalists were instrumental in these projects, working alongside peers from other countries.

Citation:

<http://plus.lesoir.be/118686/article/2017-10-11/panama-papers-les-socialistes-maintiennent-la-pression>

<http://plus.lesoir.be/123189/article/2017-11-08/paradise-papers-meme-letat-belge-senvole-aux-iles-vierges#123186>

## II. Social Policies

### Education

Education Policy  
Score: 6

The OECD deems Belgium's performance to be "top" level with regard to youth skills, but to be only "average" with regard to other indicators (including inclusiveness, youth integration into the labor market, and the promotion of skills in workplaces). Recent-era improvements in the Belgian education system were mainly achieved before 2010, and the country's education system has largely stagnated since that time. Given that education is almost exclusively publicly financed in Belgium, the economic-crisis-driven pressure to balance budgets has been an important factor in this lack of progress. In addition, the country's organization of education, in which a public network coexists with a "free," publicly funded (Catholic) network at all education levels from kindergarten to higher education, generates excessive structural costs. This undermines cost-effectiveness and overall efficiency (as well as reform potential) within the two independent education systems (Flemish- and French-speaking, since education policy is now fully devolved to the linguistic communities). The education system also has evident difficulty in producing social mobility; according to the OECD, "the likelihood of a student participating in tertiary education varies greatly depending on the level of education attained by his or her parents."

The general affordability of education helps render access to education largely equitable. University fees remain very low (€35 per year in French-speaking universities, €90 in Flemish universities) as compared to the Anglo-Saxon countries. De facto discriminatory factors include the very minimal or nonexistent study grants for poorer students, and the increasingly overcrowded

classrooms. Although the universities perform quite well today, their increasingly tight budget constraints risk reducing the quality of education in the medium term, particularly within the French-speaking areas. OECD assessments of the Program for International Student Assessment (PISA) results indeed highlight the dramatic drop in education performance in that part of the country. According to the WEF's Competitiveness report, employers have already begun experiencing a shortage of applicants with appropriate skills.

As reported by Vanden Bosch (2014), the European Commission has also pointed to the "lack of coherence between education and employment policies, given the specific needs of the migrant population." Within the French-speaking universities, the regional government is imposing increasing administrative control on education procedures, which diverts human resources away from teaching and research. Consequently, the situation is worsening. Chronic underfunding of higher education and its negative impact on productivity has also been pointed out by Dumont and Kegels (2016, see section on Research and Innovation).

Citation:

<http://www.oecd.org/pisa/>

<https://www.ugent.be/current-students/en/administration/tuition/tuitionbalinkprepa20172018.htm>

Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

Vanden Bosch (2014). "The European Semester in Belgium: A state of play," Egmont Royal Institute for International Relations, European Policy Brief No 32

## Social Inclusion

Social Inclusion  
Policy  
Score: 6

According to the OECD, Belgian workers benefit from advantageous working conditions in terms of wages, but at the price of a long-term unemployment rate that is almost twice as high as the OECD average. Social policy was extremely generous and broad until the onset of the financial crisis, but the last two governments have tightened social spending substantially. As a consequence, the number of beneficiaries of unemployment benefits has dropped substantially, much more so than unemployment itself.

More significantly, the refugee crisis (a result of massive inflows of migrants, mainly from Syria, Afghanistan and various sub-Saharan African countries) has produced calls for Belgium to tighten its immigration and social-security policies. However, critics of this direction fear a reduction in the generosity of its poverty assistance beyond what would be desirable for the general population.

Citation:

OECD Economic Surveys: <http://www.oecd.org/eco/surveys/Belgium-2017-OECD-economic-survey-overview.pdf>

OECD better life initiative 2016: <http://www.oecd.org/belgium/Better-Life-Initiative-country-note-Belgium.pdf>

## Health

Health Policy  
Score: 7

In Belgium, public (or publicly funded) hospitals own and maintain good equipment, and university hospitals offer advanced treatments, given the institutions' participation in medical research. Coverage is broad and inclusive. Access to health care is quite affordable, thanks to generous subsidies. Belgium fares quite well in terms of the efficiency of its health care system. It ranks close to Sweden, which is often considered to be a benchmark of efficiency with regard to affordable access to health care.

A problem is that costs have been contained by reducing wages and hospital costs in ways that do not seem viable in the long run, particularly given the aging population. Too few graduating doctors are allowed to practice, and the short supply of doctors in the country may compel an increasing number to leave the public system and the constraints imposed by state subsidies, and move to fully private practices. As a result, inclusiveness is under threat in the medium term and already a challenge in some rural areas.

Another issue is that Belgium does not emphasize prevention sufficiently, and spends more than similar countries on subsidized drugs. This has generated a structural increase in health policy costs and hampers long-run sustainability within the health care system.

Recently, entire areas of state competences regarding health care have been devolved to the regions (Wallonia, Flanders and Brussels) with the aim of increasing local accountability. However, this risks a loss of coordination and increased costs (e.g., excess spending on medical equipment) in a country where regions are so small that patients may easily move between regions, and the resulting competition may lead to excess spending. There is also a risk of losing management competence, as the pool of ministers and experts is considerably smaller in the regions than in the country as a whole.

## Families

Family Policy  
Score: 8

Although child care for children below the age of three is rationed in Belgium, the country is a good performer in this area overall. Essentially free public

schooling is available for children after the age of three, and free or very cheap child care is available from 7:30 a.m. until 6 p.m. on working days.

Until recently, subsidies per child (allocations familiales/kinderbijslag), responsibility for which were recently devolved to the federated entities, were low for the first two children and higher for the third child onward. However, reforms of this subsidy system are being passed, at differing speeds, in the federated entities. When these reforms come into effect, there will be a more limited or even no differential between the subsidies paid for successive children in a given family. These subsidies are significant, amounting to about €700 per month for three teenage children and close to €1,000 per month for four teenage children. Moreover, significant personal-income-tax cuts offer additional support to households with children, with and other small benefits are offered to families with children by some local authorities (e.g., a certain number of free garbage bags per year), NGOs (e.g., a special card entitling the bearer to lower prices in some shops) and public transportation services (e.g., free use of trains up to the age of 12).

High implicit tax rates on low-wage earners, which effectively create a substantial labor-market-entry barrier for low-skilled second earners in a couple (who are typically women), remain a hurdle to equitable family policy. Official statistics show that the labor-market activity rate for highly educated women is only five percentage points below the comparable men's rate, but is a full 18 points (35% as compared to 53%) lower for women with lower levels of education.

### Pensions

Pension Policy  
Score: 7

Pension policy has long been a touchy issue in Belgium. Reforms were continuously delayed until the financial crisis hit the country and forced the previous government to initiate a number of reforms to restrict early retirement. Despite considerable political opposition, the current government has steadfastly pursued an effort – based on a firm plan passed by parliament in July 2015 – to gradually raise the legal pension-eligibility age from 65 to 66 years (by 2025) and ultimately to 67 years (by 2030). It is also seeking strong limits on access to early retirement (especially before 60 years of age), with the aim of making the system more sustainable in the long term. The outcome in terms of higher labor-market participation rates for those aged 55 to 65 has fallen short of expectations, but this is partly the result of the adverse economic environment faced across Europe.

The fact that such a policy was approved after so many years of stalemate can be regarded as a significant step forward. In June 2015, the government also set up



an advisory commission for pension reforms (comité national des pensions/nationaal pensioencomité), composed of economic experts and other key stakeholders, including trade unions. In 2016, this body reported that the 2015 reforms were insufficient and endangered “solidarity” by increasing future poverty risks. However, no additional measures have been implemented to date, even though this remains a topic of high priority for the current government.

Citation:

<http://www.oecd.org/belgium/Better-Life-Initiative-country-note-Belgium.pdf>

Pension experts’ negative assessment: <https://www.rtf.be/info/article/detail?id=9447107>

<https://www.lecho.be/economie-politique/belgique-federal/La-rentree-s-annonce-chaude-si-la-reforme-des-pensions-passe/9909613>

<https://www.lecho.be/monargent/dossier/guidepension2017/Plus-aucune-pension-ne-sera-victime-des-pieges-fiscaux/9937526>

## Integration

Integration Policy  
Score: 6

Belgium has a contradictory attitude toward immigration. On the one hand, it has traditionally been quite welcoming to political refugees. Its initial reaction to the Syrian refugee inflow was no exception. The government responded with the rapid creation of emergency accommodation centers, followed by the re-dispatching of families to different cities and villages to promote integration and avoid the creation of ghettos. But the situation deteriorated since then, particularly in the wake of the terrorist attacks on Brussels and in the rest of Europe. As in many – if not most – EU countries, popular support for a complete halt to immigration is rising strongly. To fulfill its plan of returning illegal immigrants to their home countries or preventing future entries, the government has been forced to take increasingly controversial actions. These have ranged from signing the EU-Turkey agreement to block immigrants from reaching the EU, to inviting Sudanese officials suspected of crimes against humanity to identify migrants of Sudanese origin. Even the minister responsible for this latter initiative, who belongs to the expressly conservative NVA party, admitted that he had to “hold his nose” when engaging in such deals. Indeed, some of these policies border on illegality, given that Belgium has signed all Geneva conventions, including that on the Protection of Civilian Persons in Time of War.

For those who remain in Belgium, including second and third-generation immigrants, the degree of economic integration is far from being satisfactory, a fact that has produced increasing cleavages in the Belgian society. The Itinera Institute has argued greater data collection within these communities would be a necessary first step for identifying immigrants’ skills for job placement.

Even when legally Belgian, second-generation immigrants are confronted with a school system that is insufficiently adapted to people whose parents' mother tongue is not Dutch or French. The OECD's PISA reports note that the country's significant inequalities in pupil performance can largely be explained by the immigration issue.

Belgium has long been making efforts to combat these challenges. The Center for Equal Opportunities and Opposition to Racism was created specifically to address discrimination issues. Civil society and the press are very wary of acts of outright discrimination and racism. Nonetheless, existing public funding levels and proactive policies remain insufficient to deliver the substantial results needed to demonstrate that the last 30 years of immigration have been a success.

Citation:

<http://www.oecd.org/pisa/>

<https://www.cire.be/analyses/1318-asile-et-migration-une-politique-restrictive-et-stigmatisante-envers-les-migrants>

<http://plus.lesoir.be/102685/article/2017-07-02/dautres-reformes-controversees>

<https://www.courrierinternational.com/article/en-belgique-une-campagne-coup-de-poing-pour-denoncer-la-politique-migratoire>

### Safe Living

Safe Living  
Conditions  
Score: 7

Belgium is generally a safe country, yet violence does occur and the country's crime rate is higher than in neighboring countries. In addition, Belgium has disproportionately attracted members of Islamist terror networks, who are producing a new type of threat that the country has found it difficult to manage.

With regard to low-level criminality, self-reported rates of victimization are slightly above the OECD average, in part due to an above-average incidence of bullying that has not received sufficient policy attention. Underfunded and overcrowded prisons are another source of the problem, though successive recent governments have invested in new prison facilities. The court system remains slow (due to a huge backlog) and is often perceived as lenient. This helps maintain a feeling of impunity for misdemeanor offenders. Yet, the country's relative social stability, neocorporatist arrangements and limited levels of income inequality have largely insulated it from mass demonstrations or riots of the kind sometimes observed in France or other EU countries.

Citation:

OECD 2015. Better life initiative. How is life in Belgium? October 2015. <http://www.oecdbetterlifeindex.org/countries/belgium/>

### Global Inequalities

Global Social  
Policy  
Score: 4

The economic crisis has placed continued pressure on the government's development-aid efforts. International-development policies, which are now split between the federal and federated entities, are increasingly being seen as an instrument to help Belgian firms export to developing countries. Unrelated aid is being cut, and Belgium has repeatedly missed its own spending targets despite recognized Belgian expertise in the field, particularly in sub-Saharan Africa. At the international level, Belgium has been part of efforts to push for more fair-trade arrangements, but has not been an agenda-setter.

## III. Environmental Policies

### Environment

Environmental  
Policy  
Score: 6

The Belgian government has established a climate-policy website ([www.climat.be](http://www.climat.be)) on which the authorities themselves concede that the country's environmental policy is "rather complicated" given the unique policymaking arrangements. Belgium's environmental policy is split between the federal government and the three regions, which makes it largely unmanageable. As of November 2017, the website proudly detailed the progress made between 2008 and 2012, but concluded that the government gave up trying to elaborate a plan for the 2013 – 2020 period in order to "focus on the 2021 – 2030 period."

Generally speaking, environmental quality is slightly below the OECD average. The European Environmental Agency's report "indicates a significant improvement over recent decades, but also shows that a high percentage of the Belgian population is still exposed to excessive concentrations of the four most important air pollutants (PM, NO<sub>2</sub>, O<sub>3</sub> and SO<sub>2</sub>)."<sup>1</sup> One of the main contributors to this fact has been the country's incapacity to coordinate any form of transportation policy, resulting in consistently declining National Railways Company performance and increasingly long traffic jams.

However, regional initiatives may result in progressive improvements to this situation. The local, bottom-up nature of these projects means that it is hard to see a general pattern or a well-defined policy direction, but this may also produce better results in the long term if these projects are able to achieve their aspirations and increase the general public's awareness of environmental issues.

Car traffic is unlikely to decrease in the short term. Belgium's geographical

location between the major northwestern European economic and population basins (UK, France, Netherlands, Germany) makes it an extremely dense transit area, especially for road traffic (cars as well as freight). The government has introduced a controversial per-kilometer tax on trucks, but the main objective this policy is to shift some of the tax burden away from labor, not to reduce traffic. Congestion in the major cities remains high. Brussels, for instance, now ranks as the fifth-most-congested city in Western Europe, according to the TomTom Traffic Index.

Significant improvements in water treatment have been recorded in all regions after Belgium was taken to court by the European Commission for failing to implement its international commitments. Implementation in this area has become a regional prerogative.

The regions are now responsible for maintaining forests and biodiversity. Overall, forest management is proactive, with a view toward long-term sustainability. Increasing attention is given to the issue of biodiversity, but Belgium's highly urbanized nature, especially in the northern portions of the country, provides limited room for short-term improvement in areas of dense construction.

Citation:

References:

OECD (2016): <http://www.oecd.org/tax/tax-policy/environmental-tax-profile-belgium.pdf>

<http://www.climat.be/fr-be/politiques/politique-belge/politique-nationale/plan-national-climat/>

TomTom (2017). "TomTom European Traffic Index. Measuring congestion worldwide."

[https://www.tomtom.com/en\\_us/trafficindex/city/BRU](https://www.tomtom.com/en_us/trafficindex/city/BRU)

European Environment Agency (2017).

<https://www.eea.europa.eu/themes/air/country-fact-sheets/belgium>

<https://www.eea.europa.eu/soer-2015/countries/belgium>

OECD

<http://www.oecd.org/belgium/environmental-tax-profile-belgium.pdf>

<http://www.oecd.org/eco/surveys/Belgium-2017-OECD-economic-survey-overview.pdf>

European Commission (2015): [http://ec.europa.eu/environment/water/water-framework/pdf/4th\\_report/MS%20Annex%20-%20Belgium.pdf](http://ec.europa.eu/environment/water/water-framework/pdf/4th_report/MS%20Annex%20-%20Belgium.pdf)

### Global Environmental Protection

Global efforts to foster environmental protection are coordinated by the European Commission, and the Belgian government seems to prefer a backseat role in that process. In the previous government, the minister of sustainable development portfolio was held by the minister of finance. In the present government, the minister for energy and the environment had never worked on energy or environmental matters before taking the position. Belgium has not

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sought or assumed a proactive role in the design and advancement of global environmental-protection schemes – especially since several aspects of environmental-protection policy have now been devolved to the regions, which leads to frequent difficulties in the formulation of a clear Belgian (federal/national) position.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 8

Standard legal restrictions, such as requiring a certain number of signatures before an individual may run as a candidate, are fair and are effective in controlling the number of candidates in any election. The same holds for parties, which can be relatively easily registered and at very little cost, even in a single constituency (or electoral “arrondissement”). In practice, however, such restrictions may represent a higher hurdle for smaller or local parties or candidates. One reason is that the registration process has been mastered by the more established parties, but poses more of a challenge for individual candidates. Most political parties offer a broad diversity of candidates along the dimensions of gender, age and ethnicity. Gender rules are quite specific, with mandatory quotas for electoral lists at all electoral levels (local, provincial, regional, federal and European).

Media Access  
Score: 7

All mainstream political parties, or so-called democratic parties, have broadly equal access to the media (however, equal media airtime is not guaranteed by law). Minor parties and so-called non-democratic (essentially post-fascist) parties do not have equal access to media, as the main TV stations, for instance, reserve the right to ban such political parties from broadcasts. Print media also offer broad and mostly balanced coverage of political parties, although some newspapers may have preferential links to this or that party “family.”

The influence of post-fascist or national-populist parties varies depending on geographical region. In Flanders, the national-populist Vlaams Belang is considered to be an acceptable party for media interviews and broadcasts. The communist PTB/PVdA receives considerable media coverage across the country since it is now represented in parliament, has a quite mediagenic leader and is popular in polls (especially among French-speaking Belgians). All other parties have quite fair access to the media. Difficulty of access seems to be a substantial issue only for ultra-minority parties, largely because of their small size.

Voting and  
Registrations  
Rights  
Score: 9

Voting is compulsory in Belgium, and all resident Belgian citizens are automatically registered to vote. Non-Belgian residents and Belgian nationals living abroad must register on a voluntary basis.

There are two marginal limitations in terms of the proportion of voters concerned. In some municipalities with “linguistic facilities” around Brussels (i.e., situated in Flanders, but with a significant proportion of French-speaking voters), voters may not receive voting documents in their native language. The situation is usually handled quite pragmatically, but in 2015 this led to the prolongation of a stalemate in one “commune à facilités/ faciliteitengemeente” in the Flemish periphery of Brussels. In this municipality of Linkebeek, no arrangement could be found for the (Francophone) mayor to be officially installed by the (Flemish) regional authorities, although he and his list had captured a broad majority of the (largely francophone) vote.

The fact that compulsory voting is not extended to Belgian nationals living abroad means that their actual degree of representation is lower than that of regular voters.

Party Financing  
Score: 10

All political parties represented in parliament are largely financed by the state, based on the number of votes cast and the number of parliamentary seats, and private contributions are limited. Electoral campaigns at all levels are subject to tight regulations on allowed spending, both in terms of amount and item. After each election, all advertising and campaign spending and contributions are scrutinized in detail by a special parliamentary committee, with limited partisan bias. Candidates who infringe the rules may, for instance, lose the right to be elected, even though such instances are rare. In most cases, a range of more modest (financial) sanctions are implemented, typically seeing the candidate forced to repay non-eligible expenses or overspending.

Tight financial control over the party accounts is also exerted during non-electoral periods, again by a special largely nonpartisan parliamentary committee. In 2015, two parties received modest sanctions following some remarks on their accounting techniques. This was quite hotly debated and framed in terms of majority/opposition tensions, but can generally be seen as an indication that the system of checks and balances functions quite well.

Popular Decision-  
Making  
Score: 3

Referendums are illegal in Belgium. The main rationale is to avoid a “tyranny of the majority,” given the fragmentation between Flemish speakers (a majority at the national level), German speakers (the smallest group at the national level), and French speakers (about 40% of the national population, but a majority in the Brussels region).

Some popular initiatives are tolerated, but their outcomes are not binding, and are considered only as suggestions by authorities. At the local level, “popular

consultations” can be organized, but these are largely controlled by local authorities and are rare.

More focused public consultations, however, are organized on a regular basis for city planning decisions, building permits and similar issues. Again, public input is not binding, but in this case constitutes an important element of the decision-making process. At the regional level, there is increasing political interest in various participatory and deliberative processes, but not to the extent of producing binding decisions. For example, since 2016 the Walloon parliament has been examining various deliberative-process formulas involving randomly selected citizens, which may ultimately inform parliamentary debates on some key policy issues.

Belgium’s complex institutional architecture also means that approval is sometimes needed at the local, regional and federal levels before a project can proceed. This gives rise to considerable not-in-my-backyard (NIMBY) lobbying of the kind that has delayed the creation of a train network around Brussels for decades and has blocked completion of the southern part of the Brussels motorway ring.

#### Access to Information

Media Freedom  
Score: 8

Some of the main public television and radio stations are managed by representatives of the main political parties; the head of the main French-speaking public-media organization actually is appointed by the government and claims an official post comparable to that of a civil servant. Nevertheless, the media organization’s journalists work largely free from direct control or political influence, even if some reporting may at times be a bit too uncritical of the government position.

The country’s main private television and radio stations in general operate independently of political parties, even though some interpersonal connections exist at the levels of upper management. Privately held press organizations are largely independent, and they do their best to scrutinize public activities despite increasing financial pressures.

Media Pluralism  
Score: 6

Relatively few actors have an ownership stake in the major private-media companies, a situation normal within an economy of this size and within an oligopolistic market. In practice, the various media outlets (television, radio, print and web) offer a diverse range of opinion, and most political positions are well represented. The boards of Belgium’s two large public-media entities for radio and television (the Flemish VRT and the francophone RTBF) are composed of representatives from most political parties, including opposition parties (from among the main parliamentary parties).



Access to  
Government  
Information  
Score: 7

One issue affecting media outlets is the growing financial stress on print media. Tighter budgets have restricted newspapers' ability to pursue in-depth investigations on a systematic basis, and have in general diminished some of the public scrutiny that a free press is in theory supposed to exert.

While there is no law that directly addresses freedom of information, access to official information is in general granted and is supposed to be provided without impediment (Belgium was one of the signatories of the Convention on Access to Official Documents in 2009). In practice, however, some information can be hard to find, is not directly publicized or is not made widely available. This is further complicated by the multilevel structure of state institutions and administration (federal, regional/community, provincial and local), which is additionally characterized by ineffective sharing and aggregation of information across all levels.

As a researcher, it is often difficult to determine how to gain access to information. To take just a few examples, at the time of writing, finding information from the country's main consumer-budget survey has become increasingly difficult; data on pass/fail rates at French-speaking universities is now considered classified; and the state is now specifically avoiding collection of information that may have "ethnic" content (a response to the country's tense ethnolinguistic conditions).

### Civil Rights and Political Liberties

Civil Rights  
Score: 6

Belgian courts operate independently of political interests, and regularly challenge political decisions. Tensions between judges and politicians can even be said to have increased in recent years. In most cases, civil rights are well-protected.

Nevertheless, issues remain. The judicial system is chronically underfunded, which means that many cases face a delay of years before a decision is made. Abnormally long delays occasionally force judges to dismiss cases. This has damaged Belgium's position in both the World Economic Forum (WEF) and World Bank rankings. The WEF's Global Competitiveness Report indicates that there have been de facto reductions in judicial independence. The World Bank's Ease of Doing Business analysis gives Belgium a grade of 8 out of a possible 18 points in its Quality of Judicial Processes index. This has overall brought Belgium down to 52nd place in terms of contract enforcement (compared to 43rd place in the June 2015 report).

The government passed several new laws in the wake of the terrorist attacks on France, Belgium and Germany. Human Rights Watch has determined that

“at least six of the government’s newly adopted laws and regulations threaten fundamental rights.”

Citation:

<http://www.doingbusiness.org/data/exploreeconomies/belgium#enforcing-contracts>

<http://reports.weforum.org/global-competitiveness-index-2017-2018/countryeconomy-profiles/#economy=BEL>

Human Rights Watch: [https://www.hrw.org/sites/default/files/report\\_pdf/belgium1116\\_web.pdf](https://www.hrw.org/sites/default/files/report_pdf/belgium1116_web.pdf)

Political Liberties  
Score: 8

Belgium is a mature democracy in which political rights are generally well-protected. Internal issues with respect to political liberties began to appear as a result of tensions between the Dutch-speaking (Flanders and a minority in Brussels) and French-speaking (Wallonia, a majority in Brussels and in some municipalities around Brussels) communities. To reinforce the usage of Dutch in Flanders, the Flemish regional government passed a law that in effect largely bans the usage of French for political communication in Flemish territory, even in municipalities where a large majority of the population is French-speaking.

A more recent set of challenges has emerged in the wake of the 2016 terrorist attacks on Brussels, Paris and Nice. The government has adopted countermeasures that allow the police to crack down on terrorist networks, which have used Belgium as a staging ground for attacks across Europe and for channeling fundamentalists to Syria.

However, Human Rights Watch has determined that the recent legislative reforms may be infringing on individual liberties. Recent legal changes allow the government to “place prisoners detained for terrorism in prolonged isolation, and allow the government to suspend passports and review terrorism suspects’ phone and email logs without judicial approval. Other laws can revoke Belgian citizenship and criminalize comments that stop short of direct incitement to terrorism. [The report] also details abusive police responses during counterterrorism raids and detentions.”

Citation:

[https://www.hrw.org/sites/default/files/report\\_pdf/belgium1116\\_web.pdf](https://www.hrw.org/sites/default/files/report_pdf/belgium1116_web.pdf)

<https://www.hrw.org/news/2016/11/03/belgium-response-attacks-raises-rights-concerns>

Non-discrimination  
Score: 6

As in most countries, discrimination exists in practice. Average employment rates and educational achievements among Belgian citizens of foreign origin, for example, are significantly lower than among their native-born counterparts. A significant percentage of the Belgian population openly expresses racist speech or feelings, though rarely through mainstream media outlets.

With regard to providing equal opportunities to the disabled, Belgium performs less well than most northern European countries. The country also falls below the European average with regard to acts of violence against ethnic minorities, although state institutions have taken a proactive stance in such matters. Gay marriage has been legal for more than 10 years without significant social upheaval, mass demonstrations or violence. In 1993, the Belgian parliament founded a government agency called the Centre for Equal Opportunities and Opposition to Racism, changing its name to the Interfederal Centre for Equal Opportunities (UNIA) in 2016. UNIA is easily accessible to the public, and its many activities, including legal support for people subject to discrimination, are publicly visible.

In the years since the terrorist attacks on Paris and Brussels, a specific set of challenges has emerged in the form of reports of police violence and abuse toward Muslims. However, these incidents are not expected to become a part of systematic policy, and thus should be progressively addressed by authorities.

Citation:

[https://www.hrw.org/sites/default/files/report\\_pdf/belgium1116\\_web.pdf](https://www.hrw.org/sites/default/files/report_pdf/belgium1116_web.pdf)  
on UNIA: English-language welcome page: <https://www.unia.be/en>

### Rule of Law

Legal Certainty  
Score: 7

The rule of law is relatively strong in Belgium. Officials and administrations typically act in accordance with the law. Nevertheless, the federalization of the Belgian state is not yet fully mature, and the authority of different government levels can overlap on many issues; this state of affairs renders the interpretation of some laws and regulations discretionary or unstable, and therefore less predictable than might be desired.

For example, Belgium has since 2009 failed to implement many of its fiscal treaties with foreign partners (for a list, see the Belgian Service Public Federal Finances website). The discussions around the EU-Canada Comprehensive Economic and Trade Agreement (CETA), in which the Walloon government threatened to block the agreement, illustrated this issue quite clearly. The primary reason for this state of affairs is that all levels of power (federal, regional, etc.) must agree; when they do not, deadlock ensues.

Judicial Review  
Score: 8

The Constitutional Court (until 2007 called the Cour d'Arbitrage/Arbitragehof) is responsible for overseeing the validity of laws adopted by the executive branch. The Council of State (Conseil d'État/Raad van Staat) has supreme jurisdiction over the validity of administrative acts.

These courts operate independently of the government, and often question or overturn executive-branch decisions at the federal, subnational and local levels. The most recent sources of contention have been the anti-terror measures passed by the government, along with measures restricting foreigners' rights. As in many countries, policymakers seeking to extend the police's powers of investigation have skirted the thin line between respecting and infringing upon fundamental civil rights. Consequently, government proposals in these areas have regularly been struck down or modified by these two courts.

The Council of State is split into two linguistic chambers, with one being Dutch-speaking and the other French-speaking. These chambers are each responsible for reviewing the administrative acts of the regions and communities that fall under their respective linguistic auspices. This poses challenges with regard to government independence, especially when a case involves language policy or the balance of powers between different government levels.

Citation:

<http://www.lexadin.nl/wlg/courts/nofr/eur/lxctbel.htm>

<http://www.business-anti-corruption.com/country-profiles/belgium>

Appointment of  
Justices  
Score: 9

The Constitutional Court is composed of 12 justices who are appointed for life by the king, who selects candidates from a list submitted alternately by the Chamber of Deputies and by the Senate (with a special two-thirds majority). Six of the justices must be Dutch-speaking, and the other six French-speaking. One must be fluent in German. Within each linguistic group, three justices must have worked in a parliamentary assembly, and three must have either taught law or have been a magistrate.

The appointment process is transparent yet attracts little media attention. Given the appointment procedure, there is a certain level of politicization by the main political parties, and indeed most justices have had close links to one of the parties or have previously held political mandates before being appointed to the court. However, once appointed, most justices act independently.

Corruption  
Prevention  
Score: 8

While outright corruption is very uncommon in Belgium, several scandals involving abuse of public-office positions came to the fore in the 2016 – 2017 period. In most of these cases, the public officials involved actually did respect the letter of the law and thus could not be convicted by tribunals. But the scandals were so prominent in the press and shocking for the population that political parties expelled the individuals involved, and when possible also removed them from the positions they were holding. This was also followed by a number of announcements by prominent long-time politicians that they

were about to end their political careers. This suggests that more cases existed, but were resolved through “honorable exits.” One consequence has been a decline in Belgium’s performance in the World Economic Forum’s ratings on issues including “public trust in politicians,” “diversion of public funds,” “favoritism in decisions of government officials,” and “efficiency of government spending.”

Most of these “almost legal” abuses involved a combination of very strict rules governing narrowly defined public-office positions with a number of private-public partnerships that legally transformed public entities into private ones. Among other provisions, regulations typically bar public officials from increasing their total earnings above 150% of their base salary by holding additional public positions. However, serving within institutions that have been transformed into private legal entities allow public officeholders to circumvent that law. One of the most shocking instances involved SAMU Social, an institution with the primary goal of “provid[ing] emergency help to the homeless and ... assist[ing] them to exit precariousness” (<http://samusocial.be/>). This institution found to be awarding generous wage supplements to the mayor of Brussels, one of his main political allies, and some family members and close friends.

According to Cumuleo, an activist group seeking to improve the regulation and oversight of public offices, Belgium has joined Macedonia and Armenia among the lowest-ranked countries with regard to effective implementation of the Council of Europe’s anti-corruption recommendations. Nevertheless, outright corruption, for instance within the public administration or in the police, is extremely rare in Belgium. For example, Transparency International ranked Belgium as the 15th cleanest nation out of 176 countries in its 2016 Corruption Perceptions Index. The cases noted above concern only the ability and propensity of some well-connected officeholders to abuse their position to accumulate wealth.

Citation:

WEF: Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

<http://plus.lesoir.be/archive/recup/1452484/article/soirmag/meilleur-du-soir-mag/2017-03-03/vrai-salaire-net-nos-elus>

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<http://www.business-anti-corruption.com/country-profiles/belgium>

<http://www.tradingeconomics.com/belgium/corruption-rank>

<http://www.brusselstimes.com/opinion/8047/is-belgium-fighting-hard-enough-against-corruption>

<https://www.cumuleo.be/>

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 7

Each minister works closely with a team of collaborators in each ministerial cabinet. Each cabinet is usually large, with as many as 30 to 40 senior staff and experts. Meetings take place often, and the team designs policies in line both with the minister's objectives and the government agreement. The minister and the advisory team are then responsible for drafting bill projects which are then submitted to the government in weekly meetings.

In terms of long-term planning, the knowledge accumulated by a minister's collaborators can be lost at the end of a legislative period, as the ministerial team changes with the minister. Moreover, the frequency of staff rotation is generally high. In contrast, public administration is run by civil servants with longer tenures of office, but these groups do not generally take part in strategic ministerial decisions. Long-term planning (beyond a legislative term) is therefore made difficult. The main rationale for relying on the minister's team instead of civil servants is that the former are the minister's (and the party's) close aides and tend to be more flexible in terms of working hours and availability for emergency situations.

The federal Planning Bureau (Bureau du Plan/Planbureau) does play a role in providing longer strategic-planning options, but in general it is the ministerial cabinets that are the main movers of legislative efforts.

Scholarly Advice  
Score: 6

Consultation with non-governmental academic experts depends on the subject matter; their actual influence on eventual decisions is quite limited most of the time, and certainly marginal when compared to the influence of experts who are attached full-time to ministerial cabinets (see below). The government and/or the parliament do consult full-time academic experts with independent views, but not in a systematic way (this is left to the initiative of parliamentary committees), and not necessarily to generate genuine scientific debate.

However, in Belgium's neocorporatist system, representatives of the social partners (employers' organizations and trade unions) are systematically summoned for participation when a strategic decision is to be made on socioeconomic issues. In other politically sensitive areas (e.g., tax reform) academic and international expertise has had very limited influence.

One potential exception is the National Committee for Pensions, which is composed of three subcommittees. The first is composed of the traditional social partners. The second is made up of government experts from the various institutions involved in pension funding, an innovation that should enhance coordination in the typical Belgian web of institutions and shared responsibilities. The third subcommittee is composed only of academic experts. This subcommittee is the direct heir of the Commission for Pension Reforms set up by the previous government. However, a key reform aimed at ensuring long-term sustainability was blocked by the first subcommittee.

Citation:

Pension experts' negative assessment: <https://www.rtbf.be/info/article/detail?id=9447107>

Minister's

reaction:

[http://www.lecho.be/economie\\_politique/belgique\\_federal/Les\\_reformes\\_diminuent\\_le\\_risque\\_de\\_pauvrete\\_d](http://www.lecho.be/economie_politique/belgique_federal/Les_reformes_diminuent_le_risque_de_pauvrete_des_pensionnes.9827735-3154.art?ckc=1&ts=1478889661)  
[es\\_pensionnes.9827735-3154.art?ckc=1&ts=1478889661](http://www.lecho.be/economie_politique/belgique_federal/Les_reformes_diminuent_le_risque_de_pauvrete_d)

### Interministerial Coordination

GO Expertise  
Score: 7

The Prime Minister's Office contains a "strategic cell" that helps the prime minister evaluate and steer policy across all levels. Typically, this oversight function is shared with deputy prime ministers (one per coalition party, apart from the prime minister's party) in a regular "core" meeting. Each of the advisers and experts in the cell specializes in one field. They assess only the most important issues, as the relatively small size of the team limits its ability to deal with all issues at hand. The fact that governments are always coalitions (comprised of at least four parties) also gives a central role to party advisers of the corresponding minister in the lawmaking process.

GO Gatekeeping  
Score: 7

Before implementation, each government project is submitted to the ministers' council, which meets weekly. The council is composed of a secretariat, which scrutinizes technically and politically each proposal before it is debated and prepares the ministers' council agenda, and 14 line ministers and the prime minister, who debate each proposal. Decisions are made on the basis of political consensus, not a majority vote.

Either directly or through the council's secretariat, the prime minister can block any item presented and either return it for redrafting or turn it down completely. This may be because a project does not fit the government agreement or

conflicts with one of the coalition parties' agenda, but can be for any other reason as well. All government members must by contrast defend all accepted projects collegially. In general, the detailed government agreement, informally referred to as "the bible," provides an easy justification for the rejection of projects that might be politically difficult to handle; if a project does not directly relate to the governmental agreement, it is likely to be turned down either by the prime minister or through maneuvers by some other coalition parties in the "core."

Citation:

Reference: <http://www.premier.be/fr/conseil-des-ministres>

Line Ministries  
Score: 10

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Citation:

<http://www.premier.be/fr/conseil-des-ministres>

Cabinet  
Committees  
Score: 10

The Council of Ministers (*conseil-des-ministres*), which is one of the central components of the government, meets every week. Each minister is responsible for drafting a proposal, which gets submitted to the council. The council's secretariat then checks whether the proposal can be debated, asking a number of questions: Is it complete and technically sound? Does it conflict with other past decisions? Is it contained in the governmental agreement? Proposals are debated by ministers only if they pass this first filter, a process that allows them to focus on the strategic aspects of the issue. However, the most important strategic considerations are mainly political.

Before reaching the Council of Ministers, projects are always discussed beforehand in formal or informal inter-cabinet meetings that include experts and senior officers from the relevant ministries. Most negotiation is performed at that stage and, if necessary, further fine-tuned in the "core" meeting in the case of particularly important or sensitive policy issues.



Ministerial  
Bureaucracy  
Score: 5

While ministries are not significantly involved in preparing cabinet meetings, each minister has a large team of close collaborators and advisers (the ministerial cabinet) to prepare projects, which are first submitted to the minister, and then to the Council of Ministers. For some decisions, responsibilities are shared among several ministers, a situation that happens regularly. In this case, ministerial teams must coordinate their actions in inter-cabinet meetings before being able to submit a proposal to receive the approval of each minister. Proposals may be submitted to the ministers' council only at this stage.

The bottom line is that top civil servants do not play a significant role – in most cases, they are at best informed of ongoing discussions and are simply asked to deliver data and information.

Informal  
Coordination  
Score: 9

Belgian governments have typically been broad coalition governments (the current government is more homogeneously right-wing, but still includes four parties), and mechanisms such as the council of ministers were established to enforce effective coordination. It is also important to note that party discipline is strong and party presidents are dominant figures able to enforce coordination both within and across government levels (subnational and national). In addition, some of the larger parties have well-organized study centers that provide extensive policy expertise.

The government agreement, signed at the government-formation stage, operates as an ex ante contract that limits possible deviation once the coalition operates. Once the government is formed, decisions are made collegially, and all government officials must defend the decisions made by the council of ministers. Thus, as long as governmental decisions remain within the boundaries of the government agreement, policy proposals are well coordinated.

Importantly, the last elections produced highly asymmetric coalitions at the federal and regional levels. The federal government must be composed of the same number of Dutch and French-speaking ministers. However, only one French-speaking party, the liberal-right MR, is part of that government. The coalition in Flanders is made up of all the Flemish parties in the federal government. In Wallonia, the coalition is composed of parties that are in the opposition at the federal level, including the Socialists (PS) and the Christian Democrats (CDH). The Brussels government is a six-party coalition with a partial overlap between the federal and regional coalitions. The capacity to coordinate policy between the federal and the regional governments is thus much more limited than it has been in recent times.

Moreover, the fact that the MR is the sole French-speaking party at the federal level, as well as a minority party in its electoral districts, puts it in an awkward

position, limiting the capacity of the MR prime minister to dictate policy and behavior to coalition partners.

### Evidence-based Instruments

RIA Application  
Score: 2

Before making a decision, the government will typically seek the opinions of stakeholders in an attempt to prevent misguided policy action and to ensure some level of societal support. However, there are few formal RIA procedures, and when these do exist, they are generally treated only as a formality. Certainly, they do little to shape decisions, being invoked only at the end of the decision-making process, once decisions have already been reached. Authorities thus typically “fly blind,” with unexpected policy outcomes far from unusual.

For example, with regard to carbon emissions, energy experts recommended making improvements to house insulation in order to reduce energy demand. Instead, the various governments heavily subsidized solar panels, which were politically more appealing. In the absence of a proper RIA, the ex post measure of success was the rate of adoption (subsidy pick up) and volume of green-energy production. It took years for the various operators to admit that the cost overruns were unmanageable, and they ultimately had to freeze subsidies suddenly and partially renege on previous commitments.

Citation:

<https://www.oecd.org/gov/regulatory-policy/Impact-assessment-in-Belgium-June-2015%20fr.pdf> (see end)

[https://soc.kuleuven.be/web/files/11/72/ICW\\_wp\\_2009.pdf](https://soc.kuleuven.be/web/files/11/72/ICW_wp_2009.pdf)

From <https://www.law.kuleuven.be/home/algemeen/agenda20152016/doctoraatsverdediging-sven-sobrie> :

“In our neighboring countries, it is not unusual for important legal reforms to be preceded by ex ante impact assessments. The OECD, too, has for years been stressing the importance of quantitative ‘Regulatory Impact Assessment’ (RIA). In comparison, the Belgian legislator flies blind, by creating and passing laws based on not much more than gut feeling, modifying them afterwards at best. This should change.”

Quality of RIA  
Process  
Score: 1

There is no formal regulatory impact assessment process in Belgium. This has sometimes led to biased and costly public investment decisions.

Citation:

<http://www.lesoir.be/1351413/article/actualite/regions/bruxelles/2016-10-25/un-organe-controlee-independent-pour-decider-des-orientations-stib>

Sustainability  
Check  
Score: 1

There is no effective regulatory impact assessment process in Belgium.

### Societal Consultation

Negotiating  
Public Support  
Score: 6

Belgium’s socioeconomic model is one of consensual (neocorporatist) socioeconomic policymaking, whereby the government consults established

stakeholders, in particular workers' and employers' representatives, in order to facilitate policy acceptance. Such consultations have also become institutionalized in other fields through the creation of specific consultative bodies, for instance the Federal Council for Sustainable Development, which includes representatives of environmental organizations.

Unionization rates are still very high in Belgium, with membership rates close to 50% (ranging up to 70% in some sectors) in 2012, the most recent year for which figures are available. This is one of the highest such rates in Europe. However, recent technological change with regard to services platforms (Uber and its peers), the internationalization of the economy, trade agreements such as CETA, and efforts by the current (right-wing) government to reduce the power of workers' unions (which are politically allied with left-wing parties) have progressively eroded unions' influence, changing the government's hands-off tradition of letting workers' and employers' unions negotiate wage arrangements. Arguably, some of this culture of consensus had previously stalled important but necessary reforms. Nevertheless, the current government's strategy has come as a cultural shock.

Citation:

[http://homepages.ulb.ac.be/~sodorcha/doc/RCTNM/2014-](http://homepages.ulb.ac.be/~sodorcha/doc/RCTNM/2014-2015/Acteurs123_RCT_cours%202_10022015_donn%C3%A9_NB.pdf)

[2015/Acteurs123\\_RCT\\_cours%202\\_10022015\\_donn%C3%A9\\_NB.pdf](http://plus.lesoir.be/120897/article/2017-10-24/la-concertation-sociale-des-rates-un-nouveau-modele-social-arrive)

[http://plus.lesoir.be/120897/article/2017-10-24/la-concertation-sociale-des-rates-un-nouveau-modele-social-arrive\)](http://plus.lesoir.be/120897/article/2017-10-24/la-concertation-sociale-des-rates-un-nouveau-modele-social-arrive)

<http://plus.lesoir.be/111659/article/2017-08-30/la-cgsp-veut-ranimer-le-front-anti-michel>

[www.fgtb.be/-/pourquoi-la-greve-le-10-octobre-](http://www.fgtb.be/-/pourquoi-la-greve-le-10-octobre-)

## Policy Communication

Coherent  
Communication  
Score: 4

Maintaining coherent communication has proven increasingly difficult in the Michel I government, with each party seeking to make a display of its contribution to governing and political power to its voters, particularly as the new electoral cycle has approached (2018 local elections and 2019 regional, federal and European elections). For example, members of the Flemish Christian Democrats (CD&V), tasked with pleasing the party's center-right and center-left wings alike, have quite different views on immigration, inequality and taxation than do members of the more liberal-right N-VA. Government communication after the terrorist attacks on Paris and Brussels was more confused than usual. In the aftermath of the attacks, radical immigration and anti-terror policies have proven to be major points of contention, as have the (in some cases botched) tax reforms and energy policies (in particular the still-disputed nuclear phase-out). On some occasions, the prime minister's statements have even been publicly contradicted by other members of the government.

At the regional level, a series of scandals involving the abuse of public positions for private gain shattered the Walloon government coalition between the Socialists and the Christian Democrats. The Christian Democrats withdrew its confidence in the government, which provoked ill-managed negotiations to form a new government. During that phase, many pieces of information leaked to the public, with the government seeming losing any capacity to manage communication.

### Implementation

Government  
Efficiency  
Score: 6

On 9 October 2014, the newly instituted government published its government agreement, the document meant to guide its policy over the whole government term. Its first objective was to increase the employment rate from 67.5% to 73.2%. The country's activity rate actually peaked a first time in the fourth quarter of 2014 at 68%, and has only recently recovered (Statbel data), in line with similar euro area countries. Employment rates remained flat over the last year, even though they are about 5 percentage points below the euro area average (and 12 points below Dutch or German levels). This gap is mainly due to comparatively low employment rates among those aged 55 to 64 – about 23 percentage points below the German level, and more generally very low even compared to other advanced EU economies. The government has restricted access to early retirement, which may have contributed to the slight uptick in the employment rate. Moreover, it is possible that a more significant impact has only been delayed. If this diagnosis is correct, the government may see more significant results from these reforms next year.

This government also committed to resolving past differentials in wage inflation that eroded the Belgian labor force's global competitiveness. One reform has been to block "automatic wage indexation," a legal provision that had aligned nominal wage growth with inflation rates. The measure's passage prompted massive protests and strikes. Finally, the government is planning to cut corporate taxation rates. The jury is still out regarding the overall effectiveness of these reforms with regard to delivering higher investment and employment rates.

A second objective has been to reform the pension system. The short-term policy objective was to tighten early retirement rules. This reform passed despite substantial dissent by unions and opposition parties. In the longer term, the government has been trying to introduce additional reforms to reinforce the sustainability of the pension system, but that objective has only a low-to-medium probability of being attained by this government.

The government agreement's third objective was to ensure the sustainability of the social-security system. In this case, the government has articulated a clear direction: It is cutting expenses, reimbursements and coverage across the board, at the risk of harming the lower-middle class. Another stated objective has been to increase GDP, but the government arguably has little control over economic growth.

The government's fourth objective was to reform the tax system and enhance the government's budget balance. Actual reforms have been too timid to produce a substantial gain in efficiency, but have been large enough to affect the budget deficit adversely.

The fifth objective was much broader and concerns energy, environment and science policy. Ministers in this area are comparatively weak within their respective parties, in some cases lacking experience in their portfolio areas, and achievements have accordingly been less clear cut.

The sixth objective was to improve "justice and security." The main policy lever envisioned here is to improve the "efficiency" of the justice system – that is, to make it function with less funding. Progress has been limited thus far.

The other five stated objectives concern 7) asylum and migration policy, 8) public administration and enterprises, 9) a projection of Belgian "values and interests" in international relations, 10) improvements in mobility and road safety (a largely hopeless task given the complexity of Belgian institutions), and 11) transversal issues that include "equality and fairness," "sustainable development" and "privacy and personal-information protection." The government still seems quite determined to make progress on several of these issues, but only time will tell what exactly it will achieve.

Citation:

<https://www.nbb.be/doc/dq/e/dq3/histo/iee1745.pdf>

<https://www.lecho.be/economie-politique/belgique-general/Syndicats-et-patrons-invites-a-mettre-un-coup-d-accelerateur-a-la-pension-a-points/9954736?highlight=pension>

[http://www.premier.be/sites/default/files/articles/Acc ord\\_de\\_Gouvernement\\_-\\_Regeerakkoord.pdf](http://www.premier.be/sites/default/files/articles/Acc ord_de_Gouvernement_-_Regeerakkoord.pdf)

<http://www.doingbusiness.org/data/exploreconomies/belgium#protecting-minority-investors>

<http://www.premier.be/fr/d%C3%A9claration-du-gouvernement-3>

Ministerial  
Compliance  
Score: 8

One must distinguish de jure powers from the government's de facto powers to provide incentives to each minister. De jure, the prime minister has little power to exclude ministers from the government. The main architects of government positions are the party presidents who, at the government-formation stage, negotiate for control of the various portfolios and then nominate their people. Every minister's primary incentive is thus to push his or her own party's views, rather than the government's potential view.

Monitoring  
Ministries  
Score: 6

That said, this hierarchical structure is actually able to impose strong discipline on each minister when the incentives of party presidents are sufficiently aligned with those of the government.

The hierarchical structures inside ministries is such that the line minister (or ministers, when a ministry's set of responsibilities are shared by more than one government portfolio) controls the ministry at the political level. The ministry itself is presided over by a general administrator, whose nomination used to be purely political, but is now (at least partly) determined through a competitive exam.

The fact that the tenure of the general administrator and the minister are different opens the gate to potential tensions between the minister and the ministry. A concrete example is that of the minister for mobility, Jacqueline Galant (MR, francophone liberals, i.e., the party of the prime minister), who was eventually forced to step down. She had to handle particularly sensitive issues in the Belgian multiregional context, including security at the Brussels airport. The head of her administration was appointed before her term, and the two were not politically aligned. She instead systematically worked with external advisers over whom she had more political control and sometimes acted against the recommendations of her own administration.

Monitoring  
Agencies,  
Bureaucracies  
Score: 6

Belgium has relatively few agencies that are funded and controlled by the government, but are also formally independent of the government. Agencies of this type include the public radio and television stations, Child Focus, a foundation for missing or sexually exploited children, UNIA (the former Centre for Equal Opportunities and Opposition to Racism), some official job-placement agencies, and public social-service centers (Centres Publics d'Action Sociale (CPAS) / Openbare Centra voor Maatschappelijk Welzijn (OCMW)). Monitoring of these agencies takes place through several channels. Two are most relevant here. First, a government or party delegate will generally sit on the board of these agencies. Second, the agency must submit a report each year to the government or the ministry responsible for its activities. This monitoring mechanism is extremely effective, in part thanks to party discipline.

Despite effective formal monitoring mechanisms, two important issues are present in Belgium. First, effective monitoring is not synonymous with efficiency. Among other issues, the absence of impact assessment or efficiency monitoring allows public agencies to increase their costs without effective sanctions. Second, as noted in the Corruption Prevention section (D4.4), effective monitoring has been hampered by the outsourcing of many areas of government to ostensibly private entities that are in fact controlled by public-office holders.

The outcome has been a decline in public trust, reflected in lower performances for Belgium in the World Economic Forum's ratings on issues such as "public trust in politicians," "diversion of public funds," "favoritism in decisions of government officials," and "efficiency of government spending."

Citation:

[http://www.lecho.be/tablet/newspaper\\_economie\\_politique/Il\\_reste\\_des\\_centaines\\_d\\_e\\_millions\\_d\\_euros\\_d\\_economies\\_a\\_faire\\_dans\\_les\\_services\\_publics.9776078-7320.art?utm\\_campaign=app&utm\\_medium=tablet&utm\\_source=IPAD](http://www.lecho.be/tablet/newspaper_economie_politique/Il_reste_des_centaines_d_e_millions_d_euros_d_economies_a_faire_dans_les_services_publics.9776078-7320.art?utm_campaign=app&utm_medium=tablet&utm_source=IPAD)

WEF: Schwab, Klaus and Sala-i-Marti, Xavier (2017). The Global Competitiveness Report 2017–2018. World Economic Forum editor.

Task Funding  
Score: 4

Several core responsibilities of the Belgian central government have been delegated to regional or sub-regional levels over the recent decades: to the three regions (Flanders, the Brussels region and Wallonia), to the linguistic communities (Flemish, French and German), and to the municipalities (communes/gemeenten; a city may be subdivided into several communes). Due to recurrent political stalemates between the Flemings and Francophones, the Brussels region has been chronically underfunded. Municipalities in rich areas are typically funded sufficiently, but this is often not the case in poorer areas. Reductions in unemployment benefits have also had spillover effects on these municipalities, since they are financially responsible for minimum income support for the poor.

Likewise, the government agreement also implies serious cuts in financial transfers from Flanders to Wallonia in the coming years. But since Wallonia is a post-industrial region with unemployment levels twice as high as those in Flanders, it is difficult to see Wallonia not continuing to suffer from chronic underfunding.

The government agreement also envisioned a decentralization of taxation. However, the main sources of state financing (direct taxes and VAT) will remain centrally controlled and collected, with the funds redistributed according to pre-agreed sharing rules. Redistribution issues remain a point of conflict between the main regions and communities, with the recent financial crises having heightened tensions.

Constitutional  
Discretion  
Score: 10

The federal state has no formal authority over regions and communities, because there is no hierarchy between the federal and regional/community levels. When compared with other federal systems, this creates major complications. For instance, any single region has the ability to block an international treaty, since it has exactly the same prerogatives as the federal state. This occurred in September and October of 2016, when the Walloon region singlehandedly blocked the signing of a major treaty between the EU and Canada (CETA). The treaty was eventually signed on 30 October, after weeks of pressure and tense negotiations.

On some policy dimensions (e.g., spatial planning, transport, education, culture, applied research, local authorities, etc.), the regions and communities are actually becoming more powerful than the federal government. The tensions between the country's linguistic communities, as well as between its geographically defined regions (both the communities and regions have their own political institutions and administrations), have served to reinforce this trend.

Citation:

<http://www.lesoir.be/1353096/article/economie/2016-10-27/ceta-belgique-trouve-un-accord>

National  
Standards  
Score: 5

Formally, the national (federal) government has no authority over regional governments and administrations, but it can impose some standards and policies. Environmental policies, for instance, have been largely regionalized, but environmental standards and norms are set at the federal level. As a result, environmental-policy coordination has been deadlocked since 2012. In addition, subnational and local executives have to abide by budgetary constraints set by the central government. Responsibilities for several policy levers are shared by different government levels, in which case the central government has partial authority over regional governments' courses of action.

In general, the central government does not have the ability to enforce or control more detailed standards with regard to issues such as performance figures. The government can only try to maintain influence through more general (legal or budgetary) levers. Another informal mechanism is party discipline; whenever the same parties are in power at the national and subnational levels, coordination is facilitated. The change of government in Wallonia, which is now largely controlled by the MR, a right-wing party also in the national government, has aligned majorities and oppositions in all regions except Brussels.

### Adaptability

Domestic  
Adaptability  
Score: 6

Belgium is one of the founding states of the European Union and is an active member of many international agreements. In some instances, Belgium has even played a leading role in international agreements (such as banning the production of land mines).

However, this apparent enthusiasm for international and supranational coordination comes with significant caveats, as Belgium is today regularly criticized for not fully complying with rules agreed upon at the European Union, United Nations or NATO. For instance, critics have taken aim at Belgium's failures to respect the Geneva Convention, its failure to ratify the Framework Convention for the Protection of National Minorities, and its slower-than-



average progress in abiding by EU environmental norms. This can again be partially explained by the persistent political tension between the country's Dutch- and French-speaking camps, its complex and still-evolving institutional structure, and the fact that, due to decentralization, all governmental entities maintain (and tend to further develop) their own international relations in the area of their (sometimes overlapping) competences.

Citation:

[http://www2.derand.be/livingintranslation/en/Minorities\\_Convention.php](http://www2.derand.be/livingintranslation/en/Minorities_Convention.php)

<https://www.coe.int/en/web/minorities/fcnm-factsheet>

International  
Coordination  
Score: 7

Belgium hosts various supranational institutions, including the majority of the offices of the European Union. The country has always displayed enthusiasm toward joint-reform initiatives. This can be illustrated by the large number of Belgian politicians involved in the highest levels of such organizations (e.g., Herman Van Rompuy, a former president of the European Council; Guy Verhofstadt, leader of the liberal group in the European Parliament). Moreover, the country's small size makes it heavily dependent on international coordination. It therefore supports international reform efforts in areas such as tax systems, carbon-dioxide regulation, and as of 2015, on the European equivalent of the American Foreign Account Tax Compliance Act. However, with regard to implementation, Belgium does not always fulfill its commitments.

### Organizational Reform

Self-monitoring  
Score: 3

In 1992, Belgium became a federal state with one central government, three regional governments (Flanders, Brussels, Wallonia), three communities (Dutch-, French- and German-speaking, each with a parliament and a government), 10 provinces, and 589 municipalities (following a merger in 1975). The federal and regional/community governments have many overlapping competences.

As a consequence, Belgian institutions are far from efficient. The responsibility split between municipalities and regions has not been reoptimized appropriately, particularly in Brussels. Many decisions require interministerial coordination, which makes Belgium almost as complex as Europe. Very frequently, no rational solution emerges, because any such solution either means more devolution to federal entities, which is perceived by "federalists" as a step toward pure separatism, or recentralization of some competences within the central state, which is perceived by "regionalists" as a step backward toward yesterday's centralized structures.

One efficient solution would be to devolve competences that do not require intense coordination fully to the regions, while centralizing others that require intense coordination. There should also be a clear hierarchical structure between the central state and its federal entities. In contrast, in the current structure, each entity is so independent that the central government cannot impose needed reforms to meet Belgium's international commitments.

However, the issue is less problematic when only one entity is involved in a reform effort, and monitoring across regions does exist. The good practices of a region (or of other countries) can thus inspire others (the efficiency of institutional arrangements between regional governments is easily comparable, for example).

Institutional  
Reform  
Score: 3

Most reforms are the consequence of bargaining between power levels, with successive political tensions between the federal government, Flanders and Wallonia. Eventually, protracted negotiations typically end up with some type of compromise that rarely improves overall efficiency.

The main case in point is the Brussels capital region (which is restricted to about one-fourth the actual Brussels agglomeration in terms of area, and one-half in terms of population). Its restricted boundaries result in numerous overlapping jurisdictions with Flanders and Wallonia. Moreover, within the Brussels region, competences are split between the 19 communes and the region. This creates another layer of overlap and gridlock, in particular for city planning. The creation of a pedestrian zone in the city center, without sufficient coordination with the other communes or the region, created major traffic jams. Questions regarding the Brussels airport or the highway "ring" around Brussels are managed by Flanders. The building of a rapid train service toward the south (to provide alternative transportation to Walloon commuters) is largely managed by Wallonia, which has priorities beyond reducing traffic in Brussels.

However, as the general process has trended toward decentralization, local efforts have had positive effects and can be seen as an improvement in strategic capacity.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 7

There are few sources of data that allow one to assess the citizenry's level of information with precision. However, it is possible to surmise that individuals' policy knowledge must have increased under this government, if only because some measures are controversial, and controversy attracts media attention. The last legislative elections and the recent government change in Wallonia has put right-wing parties and the Christian Democrats in power at the federal level and in the Flemish and Walloon governments, with the Socialists and other parties controlling the region of Brussels. This has increased polarization, but should also improve accountability. Belgian citizens have access to an independent press, and government interference with the media is limited to the usual pressure to emphasize favorable news.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 9

Belgium is a parliamentary democracy. During the political crisis of 2010 – 2011, when the government was unable to be formed, the parliament took over policymaking from government without much problem. Thanks to Belgium's strong party system, information flows well between the government and parliament. As party heads are central figures in any political agreement, they can coordinate action at each level. Individual members of parliament as well as party parliamentary groups are also well-supported by state-funded expert staff and by parliamentary assistants – their overall level of resources is thus high, even if there is often a high level of party discipline in the federal parliament.

In addition, parliament can summon any person, even ministers, to request information. It can initiate special investigations through ad hoc committees, and the Audit Office (Cour des Comptes/Rekenhof), which monitors all Belgian institutions, is a collateral institution of the federal parliament.

Obtaining  
Documents  
Score: 9

Parliamentary committees are de facto able to obtain essentially all documents they need, as long as documents are not deemed highly confidential. The more sensitive areas include domestic and foreign security, in particular regarding the police and intelligence services, for which two special regular parliamentary committees have been set up. These powers become even stronger when a parliamentary committee is set up to initiate a parliamentary investigation. However, this often leads to a strategy of not collecting data on sensitive issues

Summoning  
Ministers  
Score: 10

in order to avoid having to disclose sensitive information. This does of course imply that government policymaking takes place somewhat in the dark.

Ministers are regularly summoned to parliamentary committees. The rights of committees do not appear to be restricted. This is reinforced by the fact that most parliamentary members (majority and opposition alike) have little chance of seeing their own proposals pass in parliament. Therefore they concentrate much of their time on written questions (which must be answered by the minister in charge), which can improve a member's media visibility.

However, when the media attention on a topic is intense, one frequently sees important ministers replaced by (less important) state secretaries during questioning.

Summoning  
Experts  
Score: 9

Experts are regularly invited and questioned in parliamentary committees. The rights of committees do not appear to be restricted. Experts are often called upon, for instance when committees are addressing so-called ethical laws (involving issues of euthanasia, adoption rights for same-sex couples, religious-related disputes, and so on) or institutional reforms. There are some de facto restrictions as to the range of experts invited, as the decision in principle to query expert advice must be validated by an absolute majority of committee members. This gives a de facto veto power to the majority parties.

Task Area  
Congruence  
Score: 8

The number of parliamentary committees in the Chamber of Deputies is slightly larger than the number of ministries. Eleven permanent committees address key policy areas that are largely aligned with ministerial portfolios (such as defense, justice, budget or external affairs). Other committees can be more specific than the ministry (such as committees created in the wake of the Volkswagen scandal or on nuclear safety) or instead are meant to be broader when dealing with cross-cutting issues (there has been committees on the financial crisis and on constitutional reforms, for example). Committees are thus largely able to monitor ministries, but the head of a given ministry is accountable only to his or her minister.

Citation:

List and functioning of commissions: [https://www.lachambre.be/kvvcr/pdf\\_sections/pri/fiche/fr\\_12\\_02.pdf](https://www.lachambre.be/kvvcr/pdf_sections/pri/fiche/fr_12_02.pdf)

Audit Office  
Score: 10

Established by the constitution (Article 180), the Court of Audit (Cour des Comptes/Rekenhof) is a collateral body of the parliament. It exerts external controls on the budgetary, accounting and financial operations of the federal state, the communities, the regions, the public-service institutions that depend upon them, and the provinces. Some public firms and non-profit organizations are also subject to review (for instance, the Flemish public-transportation firm De Lijn was audited in 2013). Its Court of Audit's legal powers allow it considerable independence and broad autonomy to fulfill its mandate. The members of the Court of Audit are elected by parliament. The Court's reports

are public and presented to parliament along with the accounts of the state. The body regularly attracts media attention for its critical remarks regarding the management of public entities or services (such as over the roads in Wallonia).

<https://www.ccrek.be/EN/Presentation/Presentation.html>

<https://www.courdescomptes.be/EN/>

Ombuds Office  
Score: 9

The independent federal ombuds office was established in 1995. The goal of the office is to have direct contact with citizens and inform them of the administrative process if need be and collect complaints against the administration. Parliament elects members of the ombuds office, but after their election, ombudsmen are totally independent and autonomous from government. The office makes a public report to parliament every year (6,892 complaints and information demands were addressed in 2015, in comparison with 7,018 in 2014). However, the ombudsman's role is only informative and deals with facilitation or advocacy; it has no coercive power.

Some difficulties occur when a complaint touches upon an issue which concerns both federal and regional or community authorities. Regional authorities have their own ombuds offices, also established in the 1990s and early 2000s. Hence, some overlap occurs.

Citation:

<http://www.federaalombudsman.be/homepage>

## Media

Media Reporting  
Score: 6

Television-news programs provide a relatively reasonable level of information, with a greater share of high-quality content and less focus on personalities than in Italy or France, for example. However, the economic crisis in the media sector is accelerating a trend toward sensational, lower-quality information, as well as a growing inability to conduct in-depth investigations or monitor policymaking. As a consequence, public perception of media quality is on a downward trend.

Bucking the trend, however, a spate of national and international scandals emerged during the review period. These ranged from abuse of public office to international tax evasion. This stimulated popular attention to the news, and induced newspapers and other media to improve the depth of their information on specific political and policy matters. But their capacity to maintain attention to specific issues over time and to explain complex policies effectively remains weak.

Citation:

<http://www.institut-solidaris.be/wp-content/uploads/2017/07/LaConfianceDansLesMedias.pdf>

Intra-party  
Democracy  
Score: 5

### Parties and Interest Associations

Belgium maintains a multiparty political system, with more than a dozen parties that hold regular parliamentary representation. Party organizations also come in a broad variety of forms. Three parties obtained more than 10% of the national vote in the federal elections held in May 2014: the New Flemish Alliance (N-VA) obtained 20.3% of the vote; the French Socialists, whose then-leader Elio Di Rupo was the prime minister in the previous government, obtained 11.7% of the votes; and the Flemish Christian Democrats obtained 11.6% of the vote.

All the other parties obtained less than 10% of the vote at the national level. However, this observation must be qualified by the fact that each party runs only in its own district, mainly Flanders and Brussels for Flemish parties, or Wallonia and Brussels for French-speaking parties. Hence, the percentage totals in the relevant regions were much higher. This is evident in the vote totals for the regional parliaments, which were elected on the same day. In Wallonia, the left-wing socialists, the right-wing liberals and the Christian Democrats respectively obtained 31%, 27% and 15% of the vote. In Flanders, the New Flemish Alliance, the Christian Democrats, the Liberals and the Socialists respectively obtained 32%, 21%, 14% and 14% of the vote.

Concerning internal selection procedures, Bram Wauters (2013) writes that “...all Belgian parties represented in parliament give their members a direct say in the appointment of the party leader, be it at a party conference in which all members can participate and vote or via internal elections granting each member one vote (either by postal or electronic voting, or by arranging polling booths in local party sections). The exception is the Flemish extreme right party Vlaams Belang.”

The actual competitiveness of these internal elections varies widely on a case-by-case basis. In most internal elections, the winner is elected by a crushing majority, suggesting that challengers are simply acting figures destined to give an appearance of internal democracy – or, quite frequently, there is only one candidate. But it does happen that some internal elections are highly competitive, and lead to surprising results (among others, the Greens typically have competitive internal elections, and both the Christian Democrats and the Liberals have occasionally had tight contests). Overall, the process is thus mostly controlled by intermediate party elites.

Citation:

Wauters, Bram (2013). “Democratising Party Leadership Selection in Belgium: Motivations and Decision Makers.” *Political Studies* 62/S1, 62-80, DOI: 10.1111/1467-9248.12002.

Association  
Competence  
(Business)  
Score: 8

Belgium has a high level of trade-union membership and a strong tradition of social consensus implemented through strong and well-organized trade unions and employers' organizations. For instance, most proposals on wage regulation and employee protection are the result of routine negotiations between employers' associations and trade unions. Proposals are validated by the government and translated into law. This continuous mechanism of cooperation forces these actors to present realistic and well-argued demands (budgeted and framed in legal terms), even if some bargaining and bluffing occurs.

The trade unions and employers' organizations each have their own well-developed study services with highly technical (e.g., legal and budgetary) expertise, even on topics outside their traditional competencies.

It should be noted that, in contrast to political parties, employers' associations and trade unions are still structured at the national level. However, there are some elements within Belgium's social organizations that appear resistant to change, given a general conservatism and a perceived need to protect the institution.

Citation:

[http://www.lecho.be/tablet/newspaper\\_economie\\_politique/Il\\_reste\\_des\\_certaines\\_de\\_millions\\_d\\_euros\\_d\\_economies\\_a\\_faire\\_dans\\_les\\_services\\_publics.9776078-7320.art?utm\\_campaign=app&utm\\_medium=tablet&utm\\_source=IPAD](http://www.lecho.be/tablet/newspaper_economie_politique/Il_reste_des_certaines_de_millions_d_euros_d_economies_a_faire_dans_les_services_publics.9776078-7320.art?utm_campaign=app&utm_medium=tablet&utm_source=IPAD)

Association  
Competence  
(Others)  
Score: 7

There is a wide range of civil society groups with influence on policy formation in Europe, and Belgium performs well in this regard. A number of noneconomic interest associations receive state funding, including environmental, cultural, religious/philosophical, sports/leisure and minority (such as individuals with handicaps) groups.

The largest groups can both make proposals and influence policy. Consociationalism also implies that some socially important decisions are made smoothly. The decisions to legalize same-sex marriage in 2003 and euthanasia in 2002 followed intense but quite dispassionate debates. The contrast with France or the United States over similar issues is all the more striking.

The main reason why this can happen is again related to the predominance of political parties. Some groups and associations that receive funding either initially have, or subsequently develop, preferential political relationships with political parties and/or government actors. This means that social groups, associations and (to some extent) publicly funded schools often have long-standing ties to a political group. It implies that there is a strong incentive for noneconomic interest associations to propose policies, and further to ensure that

these proposals are well founded, as there is a high probability that the proposals will be debated in parliament.

Obviously, the negative aspect of this structure is dependence on public funding. On the positive side, some groups are able to coalesce into broader umbrella organizations (such as around environmental protection) that are able to hire stable staff with policy expertise.



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