

SGI Sustainable Governance Indicators 2011

Belgium report

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Executive Summary

Belgium is a small country with an open economy and a population of 10.7 million and a gross domestic product (GDP) of €344 billion in 2008 (€338 billion in 2009). It is on par with Germany and the United Kingdom in terms of purchasing power per inhabitant (Eurostat data). Belgium is also at the forefront of international politics. Its capital city, Brussels, is home to European Union institutions as well as NATO headquarters and numerous other European and international organizations. Belgium also boasts an extremely open economy. Its imports and exports represent no less than 170% of GDP.

Such openness has pros and cons, as Belgium felt immediately the effects of the global economic crisis. The country's main bank, Fortis, was among the first victims of the crisis in global liquidity in 2009. A major political crisis following the collapse resulted in the resignation of the prime minister. The government however did not call for new elections in the midst of this economic storm, and instead took measures to limit the crisis' impact on the economy. Additionally regional elections in 2009 increased tensions between federal coalition partners, which slowed down structural reforms. The government deficit is large and is expected to remain so until 2012 at the earliest (or until 2014, according to other critics' predictions).

These issues notwithstanding, openness in the Belgian economy is also a boon. Belgium has sound economic fundamentals, such as a diversified economy and a very productive labor force. Conference Board data reveal that Belgium has the third-highest GDP per hour worked in the world. The World Economic Forum's Global Competitiveness Index 2009-2010 ranks Belgium as the 18th most competitive economy worldwide. This performance is partly explained by the country's central location in the heart of Europe. With its comprehensive rail, road, water and IT network, and its main two harbors, Zeebrugge and Antwerp, Belgium provides direct access to and from the rest of the world. Attracted by this and by a rather aggressive corporate taxation policy, many multinational enterprises have located their European headquarters and research centers in Belgium.

But Belgium also has structural problems. Political tensions are common between the northern (Dutch-speaking) and southern (French-speaking) parts of Belgium, a situation which stalls important reforms and has produced an overly complex institutional organization. The unemployment rate is also very high

in some cities and subregions, in particular in the south. Further, labor market participation is reduced by citizens' embrace of early retirement. This weighs on the country's otherwise very efficient social safety net. The Belgian tax structure is also unbalanced, with excessive reliance on labor taxes and social contributions. Finally, GDP growth remains sluggish, partly because of insufficient investment in higher education and research and development (R&D). The government has begun addressing this with higher fiscal deductions for R&D efforts.

In sum, the overall outlook for Belgium is mixed. On the one hand, Belgium is a country where its citizens live well and in peace. The country's complex institutions are the result of a series of compromises which while costly, can also be considered as a model of "pacification democracy." On the other hand, long-term prospects for Belgium are less promising unless appropriate institutional and economic reforms are implemented soon.

Strategic Outlook

Belgium is a small, liberal country that enjoys a multicultural, highly productive citizen base, a well-developed economy and solid social net, all which has resulted in a high quality of life for its population. Yet Belgium now faces a number of important challenges that have been insufficiently addressed in recent years. The global economic crisis has left the government with little room to maneuver, forcing it to address a large number of issues with fewer resources while wrestling with policies designed and implemented at the regional level. The effects of the global economic crisis have only magnified the political tensions between Belgium's northern Dutch-speaking and southern French-speaking parties, which have limited the country's capacity to take up economic issues in an efficient or rational manner. This strategic outlook first describes some of the economic problems Belgium must grapple with in the aftermath of the economic crisis, and then turns to the country's longer-term challenges.

A. Short-term concerns

The economic crisis had severe effects on several important sectors of Belgium's economy, including its banking and automobile industries. Among the major victims in these industries were Fortis, a major financial institution which had to be quickly dismantled and sold to BNP Paribas, and the Opel (GM) plant in Antwerp, which was closed. Such institutional shocks are likely to have long-lasting effects on employment. The country's social

safety net may also have indirect negative consequences in the medium-term, for example by reducing the labor market response in terms of wage flexibility and by increasing early retirement, thereby permanently reducing the overall labor supply.

Belgian economic growth has remained modest in recent years (the average growth of real GDP was 1.8% between 2000 and 2008), despite several factors inflating official GDP:

- wages grew faster than, for example, in Germany, boosting internal demand;
- measures to reduce shadow employment succeeded in bringing a large number of jobs back into the official economy, at the cost of heavy subsidies;
- the government deficit increased, and
- the savings rate decreased.

This leaves Belgium in 2010 with a number of problems that may have direct, adverse effects on its growth potential. First, the debt-to-GDP ratio is fast approaching 100%. Second, the sustainability of the country's pension scheme is still largely unaddressed. The pensions minister published a green book in 2010 that named investment in the pension system as a problem but refrained from making any concrete policy proposals. Third, Belgium's gross rate of investment in R&D is 1.9% of GDP, according to the OECD, which is well below the government's 3% target. The government however has taken a proactive stance by offering tax cuts to companies that invest in R&D and by developing R&D stimulation policies (through regional governments). Belgium still is among the top 10 countries in the European Union in terms of private R&D investment, according to the European Commission (2009). Fourth, the country's education system is ineffective. French-speaking schools especially are plagued with poor Program for International Student Assessment (PISA) scores. The government is developing policies to address these problems, but outcomes are uncertain, given the absence of assessment procedures, a predilection for purely politically motivated reforms, and the legacy of segmented educational networks ("Christian" vs. "official"), from kindergarten to university as well as other upper-level educational institutions. Universities are substantially underfunded, in particular in the French-speaking south. There are no additional resources for "centers of excellence" such as there are in the United States or in other European Union countries. Overall funding has been kept constant, which means that resources per student and per professor have dwindled. Belgium provides universal access to

education for €800 in fees per year, while the cost per student in the humanities and law is about €5,000, and higher in hard sciences and medicine. Belgium is quite attractive for students from France and the Netherlands, but their education is thus largely financed by Belgian universities and communities.

B. Medium- and long-term concerns

Belgium must stimulate GDP growth and employment rate, and the government deficit must be reduced. It is necessary to further increase productivity and government service provisions. In addition, environmental challenges must be addressed. In particular the country's transportation policy must be improved, given density and urbanization concerns. Belgium must produce more human capital, which may require more investment.

Other issues include the state's capacity to reform, which is limited by political tensions and an overly complex system of governmental institutions. While Belgium has three official languages, Dutch, French and German, the current political quagmire is due to conflicts between its two main linguistic groups, the Dutch-speaking and French-speaking communities. When Belgium was founded, its bourgeoisie spoke French, while Dutch was considered a "secondary language." This division disenfranchised a large proportion of the population as well as created political tension. Through political action, Flemish communities gradually established their language on equal footing with French. After WWII, Flanders became more powerful economically, and Flemish parties (which represent a majority of the Belgian population) dominated the political scene. Since April 25, 1974, excluding a four-month hiatus, the country's prime minister has been Flemish.

In 1995 Belgium became a federal state with three regions: Flanders, Wallonia and Brussels. The Brussels region is central to the Belgian economy but politically weak, given the much larger populations in Flanders and Wallonia. Brussels is officially bilingual, but in practice 90% of its population is either French-speaking or hails from a foreign country. It is entirely located within the Flanders region. The main Brussels suburbs (some very wealthy) thus "belong" to Flanders; raising an interesting conflict that a majority of the population in several Flemish municipalities around Brussels speaks French. Yet despite this majority, the use of French is increasingly banned in these municipalities and many hurdles have been introduced to prevent French-speaking people

from buying houses in the region. This is because, in line with the long-term fight to defend their language, some Flemish people (and their position is predominant in Belgian politics) want to ensure that Dutch is the only language used in Flanders. A more cynical interpretation is that forcing these municipalities to adhere to Dutch language rules and thus preventing them from being integrated in the larger Brussels region keeps the region in a state of financial dependence to Flanders.

These affluent suburbs, being located in Flanders, magnify economic disparities between Flanders and Wallonia. Flanders has lower unemployment and higher wages, while Wallonia has higher unemployment and lower wages. In turn, Brussels is the most important provider of jobs (it has the highest GDP per capita in Europe), but residents of Brussels are on average poorer and less educated; and a large fraction are also foreigners (who also are less educated and are often unemployed).

The twin conflicts of a poor Brussels and its affluent suburbs and affluent Flanders and poor Wallonia has created a politically explosive situation. Reforms are extremely challenging, because attempts are always perceived to threaten some dimension of a linguistic group's sovereignty. Thus parties can no longer agree on sound institutional reforms. The formation of the last government took an extremely long time and led to an unstable coalition (three times in the last two years Prime Minister Yves Leterme had to offer his resignation; at the time of writing, Belgium had no government). But such problems have existed since the 1970s and the current institutional structure, with shared and often unclear responsibilities among the federal government, regional governments and linguistic communities, has proven unable to structurally address the country's problems.

Above all, Belgium's economic attractiveness must be improved, if only to increase the country's employment rate. Belgium offers valuable tax cuts to some enterprises (taxes largely remain a responsibility of the central government), but more must be done to stimulate self-employment and entrepreneurship. Improving administrative performance is a long-term challenge with which Belgium has not yet succeeded.

Economic attractiveness also requires having a sound, innovative transportation policy that would ideally connect Belgium to the rest of Europe, and Brussels to the other federal regions (the capital is

the country's main source of employment). Instead, Brussels was recently reported to be the city with the worst traffic in Europe, followed by two cities in Poland. Public trains are relatively inexpensive but plagued by delays and strikes, and have poor connections with city public transportation. Roads and highways are financed by a lump-sum tax, which favors commuting by automobile. Belgium also sees heavy international traffic, which benefits from accessibility but does not help finance the system. Roads, and especially highways, are therefore deteriorating from excessive use and maintenance costs are very high. There have been suggestions to introduce a pay-per-use toll for roads, which would have also taxed international truck traffic, but this was, again, blocked by disagreements between the regions.

Many of the country's profound socioeconomic challenges have to be addressed in a difficult context of ethnolinguistic tensions. At the time of writing, the main winner of preference votes in the June 2010 general elections was Bart De Wever, leader of the New Flemish Alliance (N-VA). The N-VA is a Flemish nationalist party that strives to achieve independence for Flanders as a nation-state and as a republic (Belgium is a constitutional monarchy). This illustrates the polarized nature of the Belgian political system, at a time when strong, concerted action is needed on several policy issues.

Status Index

I. Status of democracy

Electoral process

Standard legal restrictions for candidates, such as requiring a certain number of signatures to run in an election, are fair and justified in the need to prevent an explosion in the number of candidates. In practice, such restrictions may represent a serious hurdle for some small or local parties or candidates. One reason is that the registration process has been expertly mastered by the main parties and not by individual or independent candidates.

In the most recent legislative elections in the period under review, some candidates complained that some electoral restrictions were used unfairly by administration officials. They went to the courts, and

the judge overturned the administrative decision.

Within the party organizations, especially with the more established political parties, core party leaders largely control the candidate selection process, mostly through informal mechanisms. There are some de facto limitations, especially for applicants who are less well-connected, to obtain “good” or eligible ballot positions. Such mechanisms granted exist in all democracies, but they are particularly strong in Belgium given the strength of the party organizations.

Media access

Score: 7

The so-called democratic parties have broadly equal access to the media even though there is no legal rule that requires parties be given equal television exposure. All the main parties (that is, those represented in parliament) receive broadcast time slots (television mostly, and some radio) throughout the year for their own broadcasts. Parties receive additional time slots during the campaign season.

In contrast, minor parties and so-called non-democratic parties do not have access to all media. The main television channels, for instance, have the right to ban such parties from their broadcasts. There is a difference of policy in this respect between the Dutch- and French-speaking parts of the country. In Flanders, as the extreme right-wing party Vlaams Belang has become increasingly institutionalized, it has also enjoyed access to public media.

Print media offers broad coverage of the different views of political parties including smaller or less mainstream parties, but with less details on the particular parties. In the run-up to the 2010 election campaign, smaller as well as new political parties managed, after protest and threat of legal action, to secure broadcasting time on public television. (The format was a television debate between representatives of smaller parties against representatives of the four main parties.)

In general, there is no systematic partisan bias in mass media (television, radio, newspaper and the Internet), though some newspapers may in their coverage lean toward certain party groups.

Voting and
registrations rights

Score: 9

Voting is compulsory in Belgium, and all Belgian citizens living in the country are automatically registered to vote. Non-Belgian residents and Belgians living abroad have to voluntarily register to take part in elections.

The only structural difficulties in the voting system concerns municipalities with language facilities (communes à facilities or faciliteitengemeenten) around Brussels (with a French-speaking majority in Flanders) as well as municipalities in Brussels-Halle-Vilvoorde. In the Brussels region the debate is over which language voters receive voting documents; the Flemish region sends documents only in Dutch, while some municipalities also send documents in French (against the will of Flanders). Some Flemish

political leaders in the Brussels-Halle-Vilvoorde region are calling for legal action to invalidate election results on this basis.

In 2010, some French-language voters living abroad but who are based in Flanders and who received voting documents in French through municipal authorities, have been suppressed from voting lists by the Flemish minister of interior (also a member of the NV-A, the Flemish nationalist party). This action concerns a limited number of individuals.

Party financing
Score: 10

Prior to the election, parties must declare all advertisement spending as well as all financial contributions, and formal documents must be filed. There is tight scrutiny from both legal bodies and respective parliamentary bodies.

After the election, all advertisement spending and contributions are scrutinized, in particular by multiparty, special parliamentary committees. Candidates who infringe the rules may, for instance, lose their right to be elected. This happened to a candidate from one of the main parties who ran for mayor. The candidate had violated spending limits and was replaced by another candidate from the same party.

Parties regularly have to submit detailed and well-documented financial reports, even outside of election periods, which are also strictly scrutinized.

There is thus a compelling legal apparatus, also effectively implemented, to keep tabs on party financing; party representatives too that sit in special committees are keen on checking the practices and figures of other rival parties. This is further facilitated by the fact that parties (at least those which manage to secure seats in both federal houses) receive ample public funding, and also at the regional level, on the condition that they strictly abide by financing rules.

Access to information

Media freedom
Score: 9

The administrative structure of public television and radio also includes a board or council which consists of representatives of the main political parties. This body makes binding decisions, so its influence is considerable. On paper, the main administrator is supposed to be independent, but the head of the main French-speaking public television and radio station (RTBF) claims an official political affiliation (yet this is not the case for the head at public Flemish sender VRT). However journalists at RTBF are free from direct control or political influence, apart from a few rare instances when political journalists in particular felt some political pressure over coverage. Yet such instances do not happen often; when they do, they are then publicized with the result that journalists eventually are

able to maintain their independence.

Private media in Belgium is more completely independent from political influence and scrutinizes public action increasingly well. There are however some connections between managers of the main private media operators (for example, television station VTM in Flanders and RTL in Wallonia) and some political parties. This seldom translates into direct influence over broadcasts, however.

Media pluralism
Score: 7

Private media is financially controlled by relatively few actors (an oligopolistic market), which is normal in a small economy like Belgium's. The public media board (radio and television) is composed of representatives from most political parties, which includes all main parliamentary parties (including opposition parties).

Due to declining readership, newspapers are increasingly dependent on public subsidies, which might inspire some self-censorship when reporting on government matters is involved. Yet, in practice, the press expresses quite diversified opinions on the country's many relevant issues (left vs. right politics, religious vs. secular points of view, cultural values, linguistic issues), and most political positions are well represented. This is also because the recruitment of journalists is not under the control of a few persons (for example, media patrons) but rather decentralized.

So in spite of rather weak institutional protections and a growing concentration in private media, there is still a quite high level of pluralism in the media.

Access to govmt.
information
Score: 7

While there is no official act guaranteeing free access to information, access to official information is provided for in the legal code and should be easy to obtain. Belgium was one of the signatories of the Convention on Access to Official Documents in 2009.

In practice, however, some valuable information can be hard to find, not directly publicized or made widely available. Sometimes, also, information is collected along different procedures depending on the region (for those prerogatives that have now been federalized). As a researcher, it may even be hard to figure out how to gain access to specific information. A recent issue over crime data offers one concrete example. Although the police collect crime data on a very local basis, publicly available data is aggregated across districts, possibly for political reasons. Tensions over this aggregation came to a head in 2010 when a number of city mayors argued they were lacking resources to address a rise in crime in their neighborhoods. Similar issues arose over the management of the public pension scheme, over reasons for the country's poor PISA scores, and over the allocation of some public subsidies.

There is one seriously problematic situation with regard to language for citizens. Even though French, Dutch and German are Belgium's

three official languages, it is virtually impossible for a French-speaker living in Flanders or a Dutch-speaker living in Wallonia to obtain information in their native language, let alone to interact with their local or regional administration in their native language. Such language problems don't happen within federal institutions, however, which must offer bilingual services.

Civil rights

Civil rights
Score: 8

The courts are independent from politics, and regularly challenge government decisions. It can be said that tensions between judges and politicians have increased over recent years. In most cases, a citizen's civil rights are very well-protected. Yet there still exists a few issues within the system. The judicial system is underfunded, which results in delays in case decisions often for a period of several years. Extreme delays sometimes force judges to abandon prosecution entirely. Belgium was chastised several times by the European Court of Justice for such delays (for example, 22 years in a case representing a worker against the social security administration, "Arrêt Poelmans vs. Belgium", February 3, 2009).

Another issue is some (extremely complex) political issues between the Flemish (Dutch-speaking) and Walloon (French-speaking) populations, where decision powers are, in a sense, split between the courts and executive powers. One concrete case is a decree in Flanders that gave the public administration the power to block the sale of a house to anyone who cannot prove a sufficient link with the town where the house is located. Initially meant to limit real estate speculation (and restricted to public housing), this decree has also been used to prevent house purchases (through private contractors) by French-speaking citizens in Flanders, thereby infringing the people's right to free movement in Europe.

Political liberties
Score: 8

Belgium is a mature democracy, in which political rights are generally very well protected. Weaknesses in the system however, have started to appear as a result of tensions between the Dutch-speaking (Flanders) and French-speaking (Wallonia, Brussels and periphery) communities.

To reinforce the usage of Dutch in Flanders, the Flemish regional government passed a law that, in effect, largely bans the use of French in political communications within Flemish territory, even in cities where a large majority of the population speaks French. This created problems when some mayoral candidates chose (quite provocatively) to speak French nonetheless. They won their elections by a large margin, but the Flemish region never agreed to confirm their victory because of the language law violation.

It is also difficult for French speakers to set up cultural organizations (such as libraries or leisure groups) with French as the main language of communication in the Flemish region.

Along similar lines, in a few municipalities in the Flemish Brabant (around Brussels), local authorities have pushed businesses (including restaurants specializing in French cuisine) to use only Dutch names and labels.

It is clear that the country's linguistic challenges, which may appear superficial to some extent and which probably affect only some 200,000 people out of more than 10 million, have raised some serious issues.

Another distinct issue is the difficulty for Muslims to build appropriate places of worship (mosques) as such groups face a lot of local resistance (both public and private). However, as compared to most other European countries, arrangements are usually smoother after negotiations.

Like in most countries, discrimination exists in practice. Citizens of foreign origin, for instance, have a harder time finding jobs or performing well in school, and are often concentrated in poorer living areas in urban regions. A significant proportion of the population openly expresses racist opinions (about 30% according to a recent study) and exhibits ethnocentric attitudes.

With regards to the disabled, despite a number of initiatives it has proven difficult to provide equal opportunities. (In this regard, Belgium performs less well than other northern European countries.) Again one reason for the lack of success in this area is the poor coordination between authorities at different levels (local, provincial, regional/community and federal).

Belgium never fully ratified the Framework Convention for the Protection of National Minorities of the Council of Europe, as the issue of minorities is tightly linked with linguistic disputes around Brussels and the country's "linguistic border."

Positively, Belgium has been rather proactive against racism. The government created the Center for Equal Opportunities and Opposition to Racism, an organization that is easily accessible, visible to the public, and active on many fronts.

Belgium is also one of the most advanced countries in granting equal rights to homosexuals (such as legal rights, the right to marry and so on). On the other hand, Belgium fares less well in terms of gender-based disparities, particularly in terms of job opportunities and salaries, despite many efforts and policies to address this discrepancy.

Citation:

<http://www.syfia.info/index.php5?view=articles&action=voir&idArticle=5111>

<http://www.diversiteit.be/?setLanguage=3>

Non-discrimination
Score: 8

Rule of law

Legal certainty
Score: 7

In general, the Belgian government and its administration is expected to follow state laws, and therefore be predictable in its actions. Nevertheless, since the federalization of the Belgian state is still young and the authority of different government levels overlaps on many matters, the interpretation of laws and regulations can be discretionary or potentially unclear and therefore less predictable than what would be desirable in an advanced democracy.

Immigration policy is one area where the government's discretionary power is relatively high and decisions rather unpredictable. The government administration (legally, the minister) must decide on every individual case whether an asylum demand is acceptable or not.

Linguistic disputes present another example. To a growing extent, rules and laws are interpreted differently by French-speaking and Flemish-speaking authorities and administrations. This relates, for instance, to the legality of electoral procedures or to the "sufficient knowledge" of the other language to obtain an administrative service or position. Increasingly, these disputes are brought in front of higher courts (including the Constitutional Court), which are often divided into Flemish and French "chambers." Depending on the chamber, the interpretation of a dispute may vary significantly.

Therefore in the current context, the level of legal certainty is diminishing.

Judicial review
Score: 7

The Constitutional Court (called the *cour d'arbitrage* or *arbitragehof* until 2007) is responsible for reviewing the validity of laws adopted by the executive. The Council of State (*conseil d'état* or *raad van state*) is the highest legal body that reviews the validity of administrative acts.

These courts operate independently from the government and have the power to condemn or reverse executive decisions. For instance, in March 2010 the Council of State invalidated the decision of the Flemish government to ban all visible religious symbols at school, and forced the federal administration to allow a teacher suspected of "sympathy with terrorism" to teach Dutch to prisoners. The same month, the Court declared a controversial €250 million tax by the federal government against electricity producers to be legal.

The Council of State is split in two chambers, one Dutch-speaking and one French-speaking. These distinct chambers are separately responsible for judging administrative acts made by regions (federate entities), which often makes it difficult for the council to act

independently of the government when the case involves language policy or the balance of powers between different government levels. The nomination procedures of high magistrates, however, are conducted in a way that political influence or political patronage is marginalized. What remains a concern is the effective independence of magistrates once they are in office, in the context of tight judicial budgets and linguistic struggles within the state apparatus.

Appointment of
justices
Score: 9

The members of the Constitutional Court are appointed by both the Senate and Chamber of Deputies with a special two-thirds majority. Judges remain seated on the court until they reach the age of 70. Half of the judges are Dutch-speaking; half are French-speaking; and half of each group has to be composed of former members of parliament. The new members of the Council of State are proposed by incumbent members and have to be accepted by the minister for the home department and by the Senate and Chamber of Deputies. Although these processes are fully transparent, they barely attract any attention in the media.

Given these procedures and the composition of the Constitutional Court, there is a certain level of linkage between the Court and political parties. At the very least, some informal exchange of information does occur. However on the whole the members of the court behave independently, as “higher clerks,” with some distance from political parties.

Corruption
prevention
Score: 7

A growing number of corruption cases and conflicts of interest, especially at the local level (local authorities have access to considerable resources in Belgium), extensively covered by the media, have pushed reforms geared to ensuring a higher level of regulation over the affairs of public officers.

Since 2006, the federal auditing commission of state spending is responsible for the publicizing the mandates of all public officeholders (the reason is that some officeholders hold a number of offices). Assets held before and after a period in public office also have to be declared, but are not published. The process seems to be effective (various politicians have been investigated, just after the global financial crisis and the country’s bailout plans). Since 1993, political parties are funded by public subsidies based on their electoral results. Private donations by firms are not allowed. This is often criticized as a way to preserve the political status quo as it makes it more difficult for outsiders to enter the political arena.

To prevent further corruption scandals, public procurements of a certain value must now be advertised in a standardized manner to make them transparent. This rule has, however, been circumvented (as revealed by corruption cases, for example in Charleroi), by splitting the market in sufficiently small units.

There have been several legal and regulatory responses in an attempt to fight corruption. The political parties themselves have made stronger statements in their party manifestos.

At the local level, however, powerful politicians can still use different strategies to maintain “friendly arrangements” (for example, with local contractors, companies and so on) and maintain their potential for patronage, as such politicians still largely control the recruitment of civil servants (party-political “placement”). There are probably only a few remaining large-scale corruption schemes (as were unveiled in the 1980s and 1990s) but rather an accumulation of smaller, local entrenched systems of political exchange.

II. Policy-specific performance

A Economy

Economy

Economic policy
Score: 6

Responsibilities for economic, regulatory and industrial policy are divided among the federal, regional (federate entities) and local authorities. This creates a complex, administrative maze of rules that reduce the clarity and coherence of Belgian government policy. This problem is particularly acute in the electricity or telecommunication sectors, for instance, where business rules are different in Flanders, Brussels and Wallonia. Likewise, environmental and employment policies are different in each region and are seldom coordinated, which creates competition (rather than cooperation) between regions. For environmental and employment issues, the federal government essentially retains the capacity to control income taxation but not active labor market policies. Fine-tuning at the local level also means that regulations can be unstable over time, with additional actors intervening, such as local authorities and supra-local or provincial agencies (intercommunales). For years the government has attempted to simplify administrative procedures to ease the path to business creation and simplify citizens' lives when dealing with government administration, with very little success. Core and wage inflation has been above German levels for the last 10 years, which implies that Belgium is progressively losing competitiveness with respect to its main trading partner. There is thus room for a lot of improvement. Yet, in spite of these problems, Belgium performs well, displays a GDP per capita that is above one of its main neighbors,

and has managed to retain its attractiveness thanks to relatively low tax rates on corporate profits and non-labor income.

Labor market

Labor market policy
Score: 6

Unemployment rates are starkly different across regions and cities. Flanders has been very successful at maintaining high employment rates during the last decade, whereas some large sub-regions in Wallonia, especially in Liège and Hainaut which suffer from a declining industrial sector, show very high unemployment rates (up to 25% in some areas). By contrast, other sub-regions in Wallonia (along the north-south corridor between Brussels and Luxembourg) perform much better and display a more dynamic and diversified (including high-tech and tertiary industry) economic environment.

The economic crisis is likely to deepen these discrepancies in the middle-term. The reason is that deindustrialization will most likely accelerate and the cities with high unemployment are precisely those that still depend on industrial activity. The crisis has also had strong negative effects in some parts of Flanders (for example, around Antwerp) which rely on large industrial plants operated by multinational companies (such as the automobile industry) which tend to relocate because of the high labor costs.

Social tensions are likely to prevent aggressive active labor market policies in these areas, which do not attract sufficient investment due to the lack of appropriate human capital. Yet, the short-term responses in unemployment rates displayed opposite patterns, with employment losses being relatively less sharp in Wallonia, partly due to the larger share of state employment. Belgium also suffers from low employment rates, in part because of early retirement and high youth unemployment.

Enterprises

Enterprise policy
Score: 7

Like other European countries, Belgium acknowledges that the country's investment in R&D is currently insufficient and professes the goal to increase R&D investment to 3% of GDP. Accordingly, the government intensified innovation-fostering measures a few years ago, partly by extending fiscal support for innovation, partly through a more innovation-oriented industrial policy at the regional level (Brussels, Flanders and Wallonia), with a significant increase in subsidies to R&D. The problem is that access to these subsidies is complicated by the scattered responsibilities across many different institutions. This makes "the Belgian innovation system quite complex" as acknowledged by the very authority in charge of

innovation policy. Entrepreneurship is also made difficult by high labor taxes and further administrative complexity. This hampers the expansion of small enterprises and limits entrepreneurship below the country's potential. There are, however, quite successful policies, for instance the second wave of the Walloon "Plan Marshall 2.vert" launched in 2008, which helps develop new ventures around environmentally friendly technologies and around universities and companies, which fosters innovation and creates new niches for employment.

Citation:

http://www.belspo.be/belspo/fisc/index_fr.stm

http://www.belspo.be/belspo/stat/bokoo/budget2_fr.stm#1

http://www.belspo.be/belspo/stat/be_innov_fr.stm

<http://planmarshall2vert.wallonie.be/>

Taxes

Tax policy
Score: 5

While the Belgian public deficit had been contained for several years – the debt-to-GDP ratio fell from 109% in 1996 to 89% in 2005 – fiscal soundness has lost ground in recent years. The global economic crisis, as with many countries, worsened the trend, and the country's debt-to-GDP ratio is again reaching 100%. The government took steps to address this and is expecting to return to a 3% deficit by 2012 and a surplus as of 2015 – if economic conditions allow. What's more, the Belgian external balance is generally positive. Broadly speaking, one should conclude that the country's taxation policy generates sufficient public revenue.

Regarding equity, the country's taxation policy performs less well, since Belgium's tax base is relatively narrow (it primarily focuses on labor income and largely ignores capital income). This implies that two people earning the same income may contemplate exceedingly different effective tax rates, depending on their income source. The same holds, to a lesser extent, for companies. Companies benefit from different exemptions depending on their legal status. These wedges hamper competitiveness. Labor costs are too high and too many firms prefer to offshore or look for tax havens abroad, while many small businesses tend to rely partly on informal (illegal) labor in some sectors (e.g., construction or catering), so as to avoid full taxation on labor.

Yet, if we focus on personal incomes that are actually taxed, direct taxes are fairly progressive and therefore vertically equitable.

Budgets

Budget policy
Score: 5

With a public deficit of 6% in 2009, Belgium's debt-to-GDP ratio hit the 100% threshold again and is still rising. The ratio will not be falling quickly in the medium-term, due to the fallout of the global economic crisis and structurally high costs in terms of public spending (a generous welfare state and large public bureaucracies, from the federal to local levels).

Ahead, when the baby-boomer generation reaches pension age, social welfare and healthcare costs will most likely increase quickly and there is no well-crafted plan to address these issues. To the contrary, electoral competition among parties encourages talk of higher pensions (which is needed for some population segments) without sufficiently considering the countervailing challenges of, such as, increasing employment rates for those aged 55-65. Given the very high tax-to-GDP rate (it is among the top-three in the OECD) and the excessive taxation of labor income (first in the OECD), there will thus be a need to reduce expenditures in some areas of the government budget; but a political stalemate since 2007 has prevented a clear outlook until now. To address this, the prime minister is trying to push political parties to focus on longer-term objectives, with a "Belgium 2020" perspective. There is very little information about the contents of this plan and only the future will tell if such a plan manages to rapidly restore fiscal sustainability.

B Social affairs

Health care

Health policy
Score: 9

The Belgian health care system covers a very substantial share of the population. Public and semipublic hospitals possess up-to-date equipment, and university hospitals provide quite advanced treatments thanks to their own participation in research activities. Most hospitals operate in networks, which improves overall management as well as the spread of technical innovations.

Access to these services is relatively inexpensive, and most of the population is covered by the public health insurance program. Extensions to this insurance program, either through private insurance companies or through the "mutualités" or "mutualiteiten," are quite affordable. The problem is that costs have been contained by cutting the wages of health personnel (nurses, paramedics, physical therapists) to such an extent that Belgium now faces

difficulties in filling these vital positions. There is also increasing pressure from physicians, who threaten to leave the public system in order to increase their earnings. Thus, while total health care costs have been relatively well contained to date, it is likely that past policies cannot be pursued substantially farther if quality is to be maintained and costs contained as the population ages.

Social inclusion

Social inclusion
policy
Score: 8

Generous employment protection, unemployment benefits and social safety nets contain poverty to a large extent. The employment among women has also been improving in recent years. The weak spot in this otherwise positive picture is upward social mobility, which remains fairly limited. Immigrants have a hard time climbing the social ladder, while some post-industrial regions face widespread unemployment and a bleak economic outlook for the families of former blue-collar workers. Active labor market policies aimed at increasing “incentives to work” at both the federal and regional levels have also resulted in reduced benefit levels, thereby increasing at-risk-of-poverty rates in recent years (the Ministry of the Economy reports that the Gini coefficient has increased by 17% over the last 10 years). Beyond social policy, education has been shown to perpetuate inequality, in spite of substantive efforts at the regional/community level. Several studies have demonstrated that youngsters from underprivileged families have very little access to studies and qualifications which will ensure them stable employment, let alone allow them to improve their social standing. Therefore, in some areas and communities, social exclusion (in the form of exclusion from the stable job market) is perpetuated across generations.

Families

Family policy
Score: 9

Publicly subsidized child care is extensive but not universal (there are slightly fewer available spots than babies, but this problem is more acute in areas with higher employment rates), and it is relatively easy to take maternity leave or a part-time job enabling the combination of family life and work. A growing number of parents are taking advantage of these programs, but men do so to a far lesser extent, which reinforces the glass-ceiling problems in women’s careers. In cultural terms, as compared to several other Northern European countries (certainly the Netherlands and Nordic countries), gender role perceptions and practices in Belgium are still more traditional. On the positive side, an increasing proportion of firms and

administrations provide incentives and programs aimed at ameliorating these gender biases.

Children can access pre-primary or primary schools beginning at three years of age, and these schools typically provide child care activities until 6 p.m. at very low cost. This allows parents to hold full-time jobs when their children are three years old or more. There is currently a law proposed that would make schooling compulsory as of five years of age.

Pensions

Pension policy
Score: 6

Belgium relies on three pillars to finance pensions: a pay-as-you-go system whose fiscal sustainability is currently under threat; a fully funded system financed by employers, which depends on sectoral agreements (and therefore operates fully only in some sectors); and a tax-sheltered savings program (which is only used by taxpayers with higher-than-average income). The sustainability of the pay-as-you-go system is endangered largely because the labor-market participation of older workers is too low (the effective retirement age is around 58), a fact that will put significant pressure on the public pension system beginning in about 10 years (de la Croix estimated in 2002 that the yearly cost of population aging would be as high as 5% of GDP in 2020). Hence, the Belgian pension system will require reforms that help increase the participation rates of older workers.

Whether pension policy guarantees intergenerational equity depends on the considered pillar: The pay-as-you-go system is too generous today to guarantee the same benefits to the next generation. Fully funded systems are instead more likely to provide similar performance (but the actual return to these programs is highly uncertain, as the current economic crisis has made clear). Regarding its effects on poverty, the picture is clearer: The pension system is expensive, but does generate substantial poverty reduction. Yet, it is not sufficient to guarantee poverty levels below the EU average (Belgium has the 10th highest poverty rate in the EU-27 for the population 65 years or older).

Citation:

<http://perso.uclouvain.be/david.delacroix/popular/RE051.pdf>

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-EP-09-001/EN/KS-EP-09-001-EN.PDF, p52

Integration

Integration policy
Score: 6

There is a political will, at all levels, to help resident foreigners and second- or third-generation immigrants acquire Belgian citizenship. However, the education system is ill-adapted to serve non-native-speaking pupils, and labor market discrimination remains a problem. The Center for Equal Opportunities and Opposition to Racism has been established to address such problems. At the social level, policy is thus quite proactive. At the economic outcome level, however, there is still a very long way to go to achieve social integration of immigrants.

Part of the difficulty is that a high proportion of migrant populations (even second and third generation) remains concentrated in ethnic “ghettoes,” which hampers socialization and contact with the rest of society (not least through the schooling system – many schools also become “ghettoized” in the process). A small proportion of citizens with migrant backgrounds achieve social mobility, generally by obtaining a degree that facilitates employment, but the larger majority does not. This further encourages ghettoization as well as exclusion from the host society (e.g., fundamentalist groups attracting youngsters of Muslim origin).

Citation:

<http://www.diversiteit.be/?action=onderdeel&onderdeel=66&titel=Racial+discrimination>

C Security

External security

External security
policy
Score: 9

Belgium has no outstanding international disputes, and the CIA Factbook estimates military spending to be around 1.3% of GDP (ranking 126th in the world). It is also number 15 in the Global Peace Index 2009. Belgium is home to the Supreme Headquarters of the Allied Powers in Europe (SHAPE), as well as NATO headquarters, a significant proportion of the EU institutions, and numerous other international organizations and larger-than-average diplomatic posts. This makes the country particularly strongly protected, even if the threat of a terrorist attack on the U.S. nuclear devices at the Kleine Brogel Air Force Base is raised rather frequently. Several other cases of terrorism and jihadi cells originating in Belgium have been reported

(see, for instance, the trial of Malika el Aroud, widow of Dahmane Abd al-Sattar, one of the men who killed anti-Taliban resistance leader Ahmad Shah Massoud), but for the moment, Belgium seems more to be suspected as a backyard for terrorism than to be actually threatened itself. Belgian military forces are engaged in peacekeeping missions in Lebanon, Afghanistan and the Democratic Republic of Congo.

Internal security

Internal security
policy
Score: 7

By global comparison, Belgium is a safe country, but is seen as a hub for synthetic drugs. Relative social stability has protected the country against the type of serious rioting seen in France, with the exception of some recent ethnic fights in the poor neighborhood of the western part of Brussels (Anderlecht), which saw no casualties.

However, the crime rate in Belgium is rather high compared to its neighbors. Overcrowded and unhealthy prisons are often described as part of the problem (prison employees regularly go on strike, and the federal government even started renting cells from the Dutch government in 2010). When prisons are on strike, regular police officers have to take on temporary duties in the prisons which reduces the presence of policemen on the streets and increases the population's subjective feeling of insecurity. One of the associated structural issues is that a large proportion of petty delinquents (who are difficult to process in the judiciary system) are drawn from the ranks of the underprivileged and ghettoized youngsters of migrant origin.

Police services, though entirely restructured in the late 1990s, are not widely trusted by the population. Several particularly emotional news stories have prompted a higher demand for public security in recent years. In the last few years, different types of "peacekeeping" models aside from traditional police forces have been implemented (e.g., stewards paid by local authorities, transportation companies, etc.), but so far this has had little direct or evident effect on the public perception of (in)security.

D Resources

Environment

Environmental policy
Score: 6

Belgian carbon dioxide (CO₂) production has fallen in recent years, but this was primarily caused by a decline in industrial production rather a strong political focus on environmental policies. Car traffic is

unlikely to fall in the near future, partly due to the poor management of public transports systems, partly to the state's inability to internalize the externalities of car and truck transport (a dispute between regions about the best way to make cars pay for road use has not yet been resolved), and also partly to the country's central location of the country (it serves as a "hub" and transit zone between the United Kingdom, Germany, the Netherlands and France). Therefore, the use of highways is still free of charge in the whole country. Moreover, there are plans to increase the highway capacity around Brussels, which would only displace the transportation difficulties (and increase the overall level of pollution).

Electricity production largely hinges on nuclear energy (55% of electricity generation in 2005). The 2003 law proposing a transition away from nuclear-power-derived electricity was struck down in 2009. Accounting methods have rendered this mode of production cost free for the producing firms (through accelerated depreciation of capital), which allows the state to tax this production highly. This budgetary dependence on nuclear energy makes the transition to renewable energy politically sensitive, even though many projects developing wind- and solar-based energy production are underway (private and public-private partnerships). Regarding water treatment, significant improvements have been made, even though Belgium has yet to meet its European obligations. The main improvement has been the opening of a third water-treatment plant near Brussels in 2008, which now allows the city to treat 100% of its waste water.

Citation:

http://ec.europa.eu/energy/energy_policy/doc/factsheets/mix/mix_be_en.pdf

Research and innovation

Research and
innovation policy
Score: 7

Universities are mostly publicly funded, but this financial support is insufficient. Partial tax exemptions apply to researchers. The European Commission has noted that the government budget appropriations for R&D have been more or less stagnant since the beginning of the century, representing just 0.61% of GDP in 2006, which is far below the EU-27 average of 0.76%. The distribution of spending by political region is as follows: Federal level: 26.3%; French-speaking community: 12.63%; Flanders: 49.74%; Walloon region: 10.28%; Brussels-capital: 1.07%.

During the last few years, the regions have become more proactive in supporting innovation (through universities, start-ups, public-private partnerships, "technopoles," etc.). They have also streamlined

regulatory procedures, provided customized help (“single counters”) to support innovators, and provided risk capital and tax advantages to support R&D and innovation. Altogether, many innovative and successful operations have been developed through these programs, in a decidedly decentralized way (“small is beautiful”). This partly compensates for the relatively low level of public resources allocated to R&D.

Education

Education policy
Score: 7

Primary and secondary schools are compulsory and free (or inexpensive) to all, and private funding of education is still an exception. Although the PISA scores in Belgium are rather good on an aggregate basis, they show substantial variation. Various authors have shown that most of this variance can be explained by the economic background of families and by segregation: Belgium is the second-most segregated European country in terms of schooling. Many authors argue that part of the explanation lies in the early differentiation of students by education tracks (classical secondary education as opposed to vocational schools), which de facto excludes many students as young as 12 from future attendance at a tertiary education institution. Another point frequently raised is that a large share of the budget is used to pay for students repeating school years. The wage premium for tertiary education is estimated to be among the lowest in Europe, but this is partly mitigated by the relatively low cost of Belgian universities. In general, universities and higher education institutions deliver quite good training, in spite of their relatively modest level of resources and their small or medium size in international comparison.

Citation:

Jenkins, Micklewright, Schnepf. 2008. “Social segregation in secondary schools: how does England compare with other countries?” *Oxford Review of Education*, 34(1): 21-37

Oliveira Martins, Boarini, Strauss and de la Maisonnette (2009), “Investment in Tertiary Education: the role of returns, individual financing and policies,” in *Quel état pour quelles performances économiques?*, Charleroi: Cifop

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 7

Each minister (as well as each secretary of state, i.e., junior minister) works closely with his or her own team of collaborators (cabinet ministériel or cellule stratégique). The meetings take place often and the team designs policies in line with both with the minister's objectives and the government agreement. (Belgium's coalition governments set a government agreement prior to the formation of a government. It details a range of action points for the entire legislature.) The minister and his or her advisory team are then responsible for drafting projects which are then submitted to the government during weekly meetings. The most important issues are first discussed in special inter-cabinet meetings (réunions intercabinets) and arbitrated by a small group of leading politicians comprised of the prime minister and a deputy prime minister from each coalition party.

Regarding long-term planning, one must note that the knowledge accumulated by the minister's collaborators is essentially lost at the end of a legislature, since the team is attached directly to a given minister. Public administration is run by civil servants who serve longer tenures than do ministerial collaborators, but these groups do not generally participate in the minister's strategic decisions. Very long-term planning (beyond a legislature's term) is therefore made difficult by the organizational structure of the government. The main rationale for relying on the minister's team instead of civil servants is that the former are close allies to the minister and are more flexible in terms of working hours, such as in addressing emergency situations.

Scholarly advice
Score: 5

The consultation of non-governmental academic experts depends on the subject matter; in most policy areas, their actual influence on government decisions is relatively limited. In most matters, some academic experts are included in the minister's team of collaborators. The advantage of this process is that such individuals become full-time government experts who then can bring their extensive

experience to improve government decisions. The flip side is that, since these experts become fully tied to the minister and his or her party, they lose their political independence in the process. There is also a risk that experts are selected precisely because they share the minister's views. The government and/or parliament consults with full-time academic experts who hold independent views, but not systematically and not necessarily with the goal of generating a genuine scientific debate. Established political parties also support study centers, with which some academic experts are involved, but such groups have little direct influence on day-to-day policies.

What is systematic in government decision-making is the summoning of "social partners," such as representatives of trade unions or employers' organizations, or representatives of firms or organizations directly affected by a proposed law or potential strategic decision. This means that the actual influence of academic experts is relatively limited.

With the global economic crisis, the Chamber of Deputies organized a meeting to assess the impact of the economic crisis on companies. It summoned three external experts (one academic and two bankers with strong knowledge of the economy) and one expert from the Federal Planning Bureau, a state agency. Ten other people outside the political sphere took part in the meeting. They were also present representatives of various social partners (employers and unions), the consumers' association and a major Belgian firm.

Parliamentary investigation commissions instead consult external experts (not necessarily academics) more systematically. In the case of the Fortis bankruptcy, for example, the Chamber of Deputies relied on four experts (of which three were academics) to help members of parliament lead the investigation. Fifty people outside the government (of which two were full-time academics, one an OECD expert, and four were National Bank experts, not to mention some university professors) were summoned by the commission.

Citation:

http://www.lachambre.be/kvvcr/pdf_sections/publications/annualreport/Rapport%20annuel%202008-2009.pdf, p65 and pp102-104

Inter-ministerial coordination

The Prime Minister's Office contains a "strategic cell" which helps the prime minister evaluate and steer policy. Typically, this oversight is shared with other deputy-prime ministers (one per party in the coalition) in regularly held meetings. Each of the advisors and experts in the cell specializes in one specific field. They assess the most

GO expertise
Score: 7

important issues, as the relatively small size of the team limits its ability to deal with all issues at hand. Therefore, in many cases the team still has to rely on the technical expertise of the various ministerial cabinets, and considers more the political coherence of proposals in connection with the detailed governmental agreement.

GO gatekeeping
Score: 5

The Prime Minister's Office may return policy proposals to the ministry which formulated the proposal. However, if this happens, it is for political and not legal reasons. A proposal is returned if it contains items that contradict the government agreement or the explicit policy position of one of the coalition partners. Policies are not returned for technical reasons. The process of returning a proposal can be seen as a policy-balancing instrument, particularly when prior balancing attempts, such as through interdepartmental coordination, have failed.

In contrast to the Prime Minister, the core group of party leaders within government can return all items on policy grounds. It also prepares cabinet meetings and in this sense serves the functions inquired about under "Cabinet Committees."

Citation:

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

Line ministries
Score: 10

Each potential project envisaged by the government is submitted to the Council of Ministers, composed of a secretariat, who scrutinizes each proposal before it is debated and prepares the ministers' council agenda, and the 14 line ministers plus the prime minister who debate each proposal. Line ministers and the prime minister are thus necessarily informed of each proposal. As is normal in a coalition government, debates ensure that any project approved by the council will eventually be defended collegially by all government members, and the prime minister is the centerpiece of this process. Law projects can also be introduced directly by members of parliament, in which case the Council can be bypassed. But this is much less frequent in practice. All the important bills stem from the government and less than 10% of bills (most of which are not important, at least in budgetary terms) are the result of parliamentary initiatives.

Citation:

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

Cabinet committees
Score: 10

Government ministers meet every week. Their meeting is called the Council of Ministers (conseil des ministres or ministerraad), which is one of the central components of the government. Each minister is responsible for drafting his or her proposal, and then submitting it to

the Council. The Council's secretariat then checks whether the proposal can be debated: Is it complete, technically sound, does it conflict with other decisions made in the past? Prior to this, some decisions are also discussed in specific inter-cabinet meetings (i.e., across some ministerial cabinets).

Proposals are debated by ministers only if they pass this first filter, which allows the ministers to directly focus on the issue's strategic aspects. However, the most important strategic considerations are mainly political. Each potential project envisaged by the government is submitted beforehand to the Council of Ministers, which meets weekly. The Council is composed of a secretariat, who scrutinizes each proposal before it is debated and prepares the ministers' council agenda, and the 14 line ministers plus the prime minister who debate each proposal.

Each project is debated and decisions are based on political consensus, not on majority voting. Either directly or through the council's secretariat or the group of party leaders within government, the prime minister can block any item presented and either return it for redrafting, or turn it down completely.

Citation:

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

Senior ministry
officials
Score: 9

While ministries are barely involved in preparing cabinet meetings, each minister has a team of close collaborators and advisors (cabinet ministériel or cellule stratégique) who prepare the projects, which are first submitted to the minister, and then to the Council of Ministers. For a range of decisions, responsibilities are shared among several ministers. In that case, the ministers' teams must coordinate their actions (intercabinet meetings) before being able to submit a proposal that will receive the approval of each minister. Only at that stage, can the proposal be submitted to the Council.

Line ministry civil
servants
Score: 4

Public administration in Belgium has less influence on policy steering than in most other developed countries. When appointed, each minister hires a team of fully devoted close collaborators who then shape strategic decisions together with their minister and draft projects submitted to the government. Ministry civil servants are much less involved in this process than the ministers' direct advisors. The civil servants' responsibility materializes in later stages, for example, in the technical evaluation of some proposals submitted to the government, in the implementation of decisions made by the government or for ex post monitoring tasks.

Informal
coordination
procedures

Belgian governments are always coalition governments and, normally, mechanisms such as the Council of Ministers enforce

Score: 6

effective coordination within the government coalition. Political parties are also strong and well organized. Party presidents (some of whom also happen to be deputy prime ministers) are dominant figures who guide policymaking and enforce strong coordination within each party, such as at different government levels (regional and national). At both levels, a government must first be formed, during the process of which the party negotiates the government agreement. This agreement is very detailed and operates as an ex ante contract that limits possible deviations once the governing coalition is in office. Decisions are made collegially, and all government officials must defend the decisions made by the Council. Thus, as long as government decisions remain within the boundaries set by the government agreement, coalition committees and the weekly meetings of the Council effectively coordinate policy proposals.

There is however a noticeable exception for the period under review. Belgium suffered through a major political crisis from 2008 to 2009, just before the peak of the global financial crisis. Tensions among members of government were high and the government's coordination mechanisms essentially collapsed. Prime Minister Yves Leterme had to step down after being accused of illegally trying to influence judicial action in the bankruptcy of Fortis. He was replaced briefly by Herman Van Rompuy, European Union president, who managed to revive political cohesion within the majority. Yves Leterme, once cleared of the original accusations, reclaimed the prime minister post when Herman Van Rompuy left. Yet Leterme had to delegate certain issues seen as politically sensitive to other informal mechanisms outside his responsibility, to avoid a potential repeat of the political crisis.

RIA

RIA application
Score: 1

Before making a decision, the government will typically query stakeholders and attempt to prevent unexpected policy outcomes. But there are no formal regulatory impact assessments as part of this process, and unexpected policy outcomes are not exceptional. Two examples help to illustrate this fact. There is the case of tax reforms introduced in 2002 that were meant to attract foreign direct investment and promote the creation of jobs by lowering corporate tax rates. There was no proper assessment of the potential costs of these reforms, nor any fact-based assessment of their potential impact on job creation. As the government deficit has increased, the reforms are perceived by many as too costly for the number of jobs they have created.

Another case relates to a reform introduced by the French

Community in Belgium (Communauté Française de Belgique), responsible for education in the French-speaking part of Belgium. A complex mechanism was put in place to address discriminatory school selection practices that, in some schools, work against children who come from economically disadvantaged backgrounds. The mechanism centralized secondary school registration and relied on a mechanism of random selection, perceived as fair by the government. The mechanism was so inefficient however that it did not select any school for scores of children, whereas other children got selected in several schools. This outcome was predictable and many academics and other interested parties (mainly parents' organizations) had actually warned the government of these risks. Yet, the community government turned a blind eye on these warnings and only admitted the failure of its actions in the summer of 2009, when classes were about to start and the system had left hundreds of children without a school to attend. The government then relied on additional measures to resolve the situation after the fact.

Needs analysis
Score: 1

Does not apply, as there are no formal regulatory impact assessments.

Alternative options
Score: 1

Does not apply, as there are no formal regulatory impact assessments

Societal consultation

Negotiating public support
Score: 7

Belgium has a long tradition of consensual policymaking, whereby the government consults most stakeholders (in particular employers' associations and trade unions for socioeconomic issues, nongovernmental organizations (NGOs) for environmental policies and so on) to facilitate the acceptance of its policies. For core socioeconomic matters (wage regulation as just one example), there are routine rounds of negotiation between trade unions and employers' organizations which, if successful and if results fit within budgetary limits, are simply confirmed by the government.

Policy communication

Coherent communication
Score: 3

There are two separate sets of issues to consider. First, if a decision was collegially made by the government, for instance if a law proposal was submitted to parliament which then approves the proposal, communication will typically be coordinated. Second, there are other issues that fall under the umbrella of a given minister. In this case, each minister may develop a different communication strategy and it is not rare to see open disagreement among coalition

partners. Another difficulty is that even federal ministers will occasionally communicate in different ways on the two sides of the country's linguistic border, depending on whether they are addressing their constituency or the "other side."

Disagreements among government officials were particularly acute during the global economic crisis, during bankruptcy proceedings surrounding Fortis and during high-level negotiations with electricity and gas producers. Like a school director in a courtyard, it happens that the prime minister has to call for a stop of such public debates (often arguments). The government's communication troubles came to a head during Belgium's major political crisis (2008-2009). Tensions among members of government were high and the government's communication policy fell apart. Prime Minister Yves Leterme had to step down after being accused of illegally trying to influence judicial action in the bankruptcy of Fortis. He was replaced by Herman Van Rompuy who managed to improve political cohesion within the majority. Yves Leterme, since cleared of the accusations, returned to his post when Herman Van Rompuy became European Council president in January 2010.

B Policy implementation

Effective implementation

Government
efficiency
Score: 3

The government's main goals (as articulated on the prime minister's website) include radical measures to address environmental challenges, improve the country's rate of employment and foster business creation, improve social cohesion, adapt social policies in light of longer life expectancies, improve security and improve the efficiency of the state administration.

However, since the creation of the government, Belgium has suffered through a serious political crisis exacerbated by linguistic tensions at a time when the world was hit by a paralyzing economic crisis. This clearly prevented the government to from pursuing its stated goals. Regional elections as well in 2009 created another crisis at the national level as interparty tensions grew (coalition parties were competing in tight races at the regional level). The result of such a political morass meant that pension reforms were not enacted and little was achieved regarding administration improvements. Some environmental plans were seen through but that was only because such plans were the result of previous decisions. Several mayors complained of insufficient resources to address security concerns (prison space and crime prevention methods are also insufficient),

but some reforms were introduced to be enacted in years to come. On the economic front, employment rates fell, poverty worsened, and business sentiment indicators were negative. Of course, all these failures cannot be entirely attributed to misguided government action. Some policies were implemented in the regions but they were not done through the initiatives of the federal government. All in all, the combination of an internal political crisis and an external economic crisis prevented the government from pursuing its main goals.

Ministerial
compliance
Score: 6

While the prime minister is in charge of managing the government, he does not have the power to exclude ministers from government. The main architects of government positions are indeed the coalition party presidents, who negotiate at the government formation stage which portfolios they control and then nominate people in their party to run that portfolio. The main incentive of any given minister is thus to push his own party's views rather than the government's potential views. This creates consistent tension before the government reaches a decision on salient issues. This being said, because ministers have to comply with their party president's views (otherwise they could lose their position in the next legislature), they largely stick to the governmental agreement. But this compliance mechanism does not rest on the prime minister or on other formal (organizational) rules.

The performance of Prime Minister Yves Leterme to keep ministers in check has been poor, with some exceptions. The situation is however exceptional. In general the prime minister is much better able to keep the ministers in line.

Monitoring line
ministries
Score: 5

The line minister is the head of the ministerial administration. The ministry itself is presided by the Administrator General (AD), who works beneath the minister. In principle, the appointment of the AD is based on merit determined by a competitive exam. In practice, it is mostly political. The ministry of finance, for instance, was administered by Jean-Pierre Arnoldi from 1998 to 2010. The management of the ministry was regularly criticized by the Christian Democratic & Flemish party (CD&V), to which Prime Minister Yves Leterme belongs. Thus, the prime minister did not have the capacity to directly influence this appointment. When Arnoldi retired, a competitive exam was organized and Hans D'Hondt, the former head of the Prime Minister's Office, was the only applicant with an "A," a passing grade. All other competitors scored a "C" or lower. With this result now the CD&V has more control over ministry management. Given that these appointments are valid until the individual's retirement and that the AD is under the orders of the minister, there is little capacity to effectively monitor the minister by his own ministerial administration.

Leterme had only limited power to monitor line ministers through his

party. Only five out of 15 ministers belonged to his party (including the ministers of foreign affairs, justice, defense, and public function and public enterprise). These ministers fell well in line with Leterme's goals most of the time while the majority of ministers remained broadly independent.

Monitoring agencies
Score: 8

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 Child Focus, the Center for Equal Opportunities and Opposition to Racism, some official job placement agencies, social aid agencies (CPAS/OCMW), and so on. The monitoring of these agencies happens through several channels, three of which are the most important. First, a government delegate will generally sit on the board of these agencies. Second, each year, the agency will have to submit a report to the government or to the ministry responsible for its activities. This monitoring is extremely closely watched and effective. Third, most established parties obtain seats in the executive boards or councils of these agencies, and thereby also exercise some level of control. On the other hand, it is also true that some of the agencies that depend on regional governments (such as job placement agencies) have been criticized for their lack of efficiency. There is therefore a gap between legal monitoring (which effectively ensures that the agencies work in accordance with government policies) and bureaucratic efficiency.

Task funding
Score: 4

The responsibilities of Belgium's central government have been reduced over the past few decades and delegated to the country's regions or sub-regions. These include the three regions (Flanders, Brussels, and Wallonia), the main two linguistic communities (Dutch and French, as well as the smaller German-speaking community) and the communes (which can be smaller than a city). Due to a political stalemate between the Dutch-speaking and French-speaking parts of the country, the region of Brussels has voluntarily been substantially underfunded. The communities were made responsible for education, but did not receive sufficient funding to ensure its healthy development. The Dutch-speaking community and the Flemish region were merged to address this issue, but the French-speaking community could not be combined, since it operates in Brussels (which is bilingual), in Wallonia (generally French-speaking) and in some parts of the Brussels periphery, which is officially Dutch-speaking. Another example is with police reform. In principle meant to increase efficiency, reforms delegated more responsibilities to the communes, but many were also left largely underfunded (possibly an attempt at reducing the government deficit). In general there are problems of underfunding delegated tasks.

Constitutional
discretion
Score: 10

The structure of the Belgian state is such that the national government has no formal authority over the regions and communities (there is no hierarchy between the federal and the regional/community levels). In some issues, the regions and communities are actually more powerful than the national government.

National standards
Score: 5

Formally the national government has no authority over regional governments, but it can impose some criteria. Local governments cannot, for instance, deviate from the national constitution. Also, local governments have to abide by budgetary constraints set by the central government. Finally, responsibilities for several policy levers are shared by different government levels, in which case the central government has partial authority over regional governments' course of action. Altogether, the central government does not have the tools to enforce or control more detailed standards in terms of performance figures, as just one example. The government can only try to maintain influence through more general (legal or budgetary) levers.

C Institutional learning

Adaptability

Domestic
adaptability
Score: 7

Belgium is one of the founding states of the European Union, in which it plays a proactive role, and an active member of many international agreements. In some instances, Belgium has played a leading role in some international agreements (e.g. on banning the production of land mines). Overall however this enthusiasm toward international and supranational developments has to be mitigated, as Belgium is regularly criticized for not fully complying with the rules it previously agreed upon at the European Union, United Nations, or NATO level. For instance, critiques concern Belgium's lack of respect for the Geneva Convention and its non-ratification of the Framework Convention for the Protection of National Minorities or the Nuclear Nonproliferation Treaty. This can partly be explained, again, by the country's complex institutional structure (which complicates effective implementation, even if there is a coherent political will), and the fact that, due to decentralization, all entities have their own international relations regarding their (sometimes overlapping) competences.

International
coordination
Score: 8

Belgium hosts various supranational institutions, including the European Commission. The country has always displayed support for joint reform initiatives in most policy fields. This can be illustrated by the large number of Belgian politicians involved in the highest levels

of these organizations (the most recent examples are Herman Van Rompuy, president of the European Council; Guy Verhofstadt, leader of the liberal group in the European Parliament; and Isabelle Durant, vice-president of the European Parliament). Moreover, Belgium's size makes it heavily dependent on international coordination. It therefore supports international reform efforts, for instance, on tax systems and carbon dioxide regulations. However, when considering implementation, Belgium does not always fulfill its commitments.

Organizational reform capacity

Self-monitoring
Score: 3

The Belgian federal structure prevents the formal monitoring of institutional arrangements, and in particular prevents the head of government from imposing reforms to meet Belgium's international commitments. The prime minister has no authority over federate entities (called regions and communities).

The actual implementation of new arrangements comes from highly complex and broad-reaching institutional (or constitutional) reforms that involve multiple political issues. Package deals are key (such as *quid pro quo* arrangements), and the domino effect means that people are rarely willing to engage in one specific reform toward a more efficient system in fear of opening the reform floodgates on other issues.

However, a domino effect is less problematic when only one entity is involved in a particular 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 arrangement between regional governments is easily comparable). Thus there is, in terms of monitoring the quality of institutional arrangements, a limited level of "organizational learning" across regions and communities, but it is never made routine through rules or procedures, and never steered by the federal level.

Institutional reform
Score: 3

Most reforms are the consequence of bargaining between power levels, and an attempt to meet contrasting or asymmetrical demands (e.g., the Flemish would like to obtain a given prerogative, which Francophones oppose; while Francophones have another request, which the Flemish oppose) through a global negotiation at the end of which both sides will obtain some of their demands (but not all, because the deal is always a compromise). Therefore most reforms do not improve efficiency.

For instance, the limitations of the Brussels capital region (which is restricted to 19 communes, i.e., only about one-fourth of the actual Brussels agglomeration in terms of area, and one-half in terms of population) creates a number of overlapping issues with the other two

regions (Flanders and Wallonia). Hence, the decentralization of responsibilities such as road building, public transportation, tourism management, airport noise or water pollution, has made many policy aspects extremely hard to manage. However, as the general process has trended toward major decentralizations, some have had positive effects and can be seen as an improvement in strategic capacity, but only on the level of regions and communities. As an example, as regions assumed more responsibility over environmental policies, each territory has improved their policy performance in terms of sewage water treatment.

II. Executive accountability

D Citizens

Knowledge of government policy

Policy knowledge
Score: 5

According to data from the European Social Survey 2008, a Belgian citizen's political knowledge is rated as average. When asked whether "politics is too complicated to understand," 40% of respondents said "regularly" or "frequently," as compared to 21.2% in Denmark or 30.1% in Germany. Belgium is on par with the United Kingdom (39.2%), Spain (39.5%), Romania (41.7%) and Portugal (42%). There is thus a high level of political alienation in the country, which is at least partly due to the high level of development of the party organizations ("particracy") and the consociational and neo-corporatist logic of the system (whereby "politics is managed by the elites" behind closed doors).

On the other hand, one must emphasize that the complex (and evolving) institutional structure makes it actually very difficult to understand the role of each government institution. Again according to the European Social Survey 2008, Belgians spend slightly more time reading political news in newspapers than the average European.

E Legislature

Legislative accountability

Obtaining documents
Score: 9

Regular parliamentary committees can access virtually all documents in possession of the government. Committees created to address a specific issue receive all powers to question witnesses and access documents. They are actually endowed with the same powers as an examining magistrate. However, for some topics concerning domestic and foreign security (which may contain sensitive material about intelligence services or antiterrorism plans), access might be restricted. There are two special regular committees for these more sensitive matters: the “P” committee (related to police forces) and the “R” committee (related to intelligence services).

Summoning ministers
Score: 10

Ministers are regularly summoned in parliamentary committees. The rights of committees do not appear to be restricted. This is reinforced by the fact that most MPs (majority and opposition alike) have very few chances to see their own bill proposals pass in parliament. Therefore they concentrate much of their activities on spoken “question hours” and written questions (which must be answered by the minister in charge), which attract some media attention and thus improve their media visibility.

However, when the attention of the media is not high for a topic, it is frequent to see an important minister replaced by a (less important) state secretary to answer questions.

Summoning experts
Score: 9

Experts are regularly invited and questioned in parliamentary committees. The rights of committees do not appear to be restricted. This possibility is often used, for instance, when addressing the so-called ethical laws or institutional reform. There are some de facto restrictions as to the names and 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 coincidence
Score: 8

The number of parliamentary committees in the Chamber of Deputies is slightly larger than the number of ministries. Several committees are created to keep track of exactly the same area as that of a given ministry (e.g., defense, justice, finance or external affairs). Other committees can be more specific than the ministry (e.g., the committees of globalization and accounting), or instead meant to be broader when several dimensions are involved (e.g., committee of public health, environment and society’s renewal). The committees

are thus largely able to monitor ministries, but the head of a given ministry is only accountable to its minister.

Audit office
Score: 10

The Audit Office (cour des comptes or rekenhof) is a collateral institution of the federal parliament. The members of the Audit Office are therefore elected by the members of parliament, and can count on high expertise, a qualified staff and a sufficient level of resources. The comments of the Audit Office are public and presented at parliament along with the accounts of the state. The federal audit office garnered extensive media coverage in 2010 for its harsh remarks to the finance ministry.

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 reports every year to parliament and the report is made public (6,429 complaints and information demands were addressed in 2009). However, the ombudsman's role is only informative and deals with facilitation or advocacy; he or she has no coercive power.

Some difficulties occur when a complaint touches upon an issue which concerns both federal and federate authorities (regions and communities). The federate authorities have their own ombudsmen, so some overlaps occur.

F Intermediary organizations

Media

Media reporting
Score: 7

Television news programs provide a relatively reasonable level of information, with greater insight on content and lower personalization than in Italy or France, for example. Almost all television channels dedicate large amounts of time on weekends to political debates, typically on Sundays around noon, which are widely watched. There is no national or federal broadcasting company; media has been fully federalized. Programs dedicated to "infotainment" are more represented on Dutch-speaking rather than on French-speaking channels, but there are relatively few of such programs overall. Similarly, radio programs offer reasonable coverage, partially due to the large number of state-owned (but politically plural) radio stations. Overall, media from each linguistic community focus mostly on their own community, with little attention paid to (and little in-depth

analysis on) the events, personalities and perceptions in the other linguistic community. This has however improved somewhat in 2009 and 2010, with deliberate attempts (mostly from the two public companies, VRT and RTBF) to provide broadcasts examining the views of the “other side” of the country.

Parties and interest associations

Party competence
Score: 8

Six parties received more than 10 percent of votes in the national elections of 2007 (four Flemish-oriented parties and two French-speaking parties). Four of these parties (ranked first, second, fourth and fifth in terms of results) became part of the coalition government (with the addition of a smaller French-speaking party). In many areas, proposals are plausible, coherent and often consensual (maybe for the reasons described above), and party programs are detailed and extensive (among the longest and most detailed in Europe).

However, this has to be clarified for several reasons. First, the electoral programs with regard to fiscal federalism of parties are too often unrelated to the attributions of the level they are competing for, and the same program is often recycled for successive elections. Second, proposals relating to institutional reforms, which create regular tensions between the French-speaking and the Dutch-speaking parts of Belgium, are highly unrealistic, and this for a very simple reason: parties are only competing for the votes in a single language community (there are no national parties, and there is no federal or national constituency either). Third, one of these six parties is the extreme-right Flemish party Vlaams Belang and is de facto excluded from every coalition. This allows them to present a program totally disconnected from reality.

Association
competence
(business)
Score: 8

Belgium is characterized by a high level of trade union membership, and by a strong tradition of social consensus. For instance, most of the 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 (i.e., budgeted, framed in legal terms), even if some bargaining (and bluffing) may occur. Both trade unions and employers' organizations have their own well-developed study services with high technical (legal, budgetary and so on) expertise. Notice that, in contrast to political parties, employers' associations and trade unions have structures on a national level.

However, there are some parts of Belgian social regulations that seem hardly open to debate due to some conservatism and the need

Association
competence
(others)
Score: 8

to protect this social cooperation.

A large fraction of non-economic interest associations receive at least some public financial support. Among those receiving such support, many have close ties with political parties and governmental actors. This state of affairs can be attributed to the fact that Belgium is largely built on “pillars.” 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 those non-economic interest associations to propose policies, and to be reasonably documented, as there is a high probability to see those proposals debated in parliament. Such links to pillars are less strong in recently established fields in which interest associations have developed, such as consumer rights, ecology and so on.

Interestingly, religious communities are largely funded by the state and there is cooperation between religious and public authorities. One of the major evolutions in this domain is the attempt to organize and structure the very diverse Muslim communities in Belgium as an integrated group.

An example of fruitful cooperation and continuous dialogue with non-economic associations is the so-called ethical laws (e.g., gay marriage and adoption, or euthanasia) that were voted for in Belgium in recent years with a relatively large consensus.

Obviously, a negative aspect of this structure is the dependence on public funding, and therefore the possible lack of independence, which is sometimes criticized by more radical cadres and activists in some associations.

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