

SGI Sustainable
Governance
Indicators

2014 Belgium Report

Micael Castanheira, Benoît Rihoux,
Nils C. Bandelow (Coordinator)



Executive Summary

Belgium, located in the heart of Europe, is a small country with 11.1 million inhabitants. In 2012, its gross domestic product (GDP) was €376 billion (from €336 billion in 2007). According to Eurostat data, Belgium's purchasing power per inhabitant is about 10% above the eurozone average. Belgium also boasts an extremely open economy, with imports and exports representing 168% of GDP; the country's trade balance is slightly positive.

These facts show that Belgium is economically quite healthy. It boasts of a highly educated population; attracts substantial foreign direct investment; maintains high-quality hospitals; supports a healthy housing market; and overall manages a well-performing economy. The International Institute for Management Development (IMD) ranks Belgium as the twenty-fifth most competitive economy in the world. With its comprehensive rail, road, water and information technology network, in addition to its large harbors, Belgium provides direct access to and from the rest of the world. Its openness in terms of trade and high reliance on exports implies that Belgian companies must remain competitive or face losing their market position.

Yet Belgium suffers from chronic institutional problems that handicap government performance. The country's debt-to-GDP ratio is close to 100%, and it maintains the highest tax wedge on labor in the entire Organization for Economic Co-operation and Development (OECD) region. Its good economic performance should actually be viewed as surprising, considering that the 2010 legislative elections paralyzed the country with the worst political deadlock in its history.

After the June 2010 elections, Belgium was able to form a government only after a delay of a year and a half, in December 2011. This delay (a record in modern history) also happened amid the global financial crisis, during which all major Belgian banks were either collapsing or required state assistance. In this same period, financial markets began to distrust certain European government bonds, and thus questioned whether Belgium's bonds were to be considered "safe" or "junk."

Amid the crisis, Belgium's parliament managed to take a leading role, a responsibility that one should expect from such a body as part of a parliamentary democracy. Bills were voted on "as if" there was a government; special temporary measures were taken to support companies and jobs; regional and local institutions (local governments and parliamentary bodies) continued to operate at a subnational level. What the Parliament could not do, however, was pass bills or budgets that could bind or limit the next government. The highly tense process of forming a government found resolution only when veto players amid the negotiations decided to abandon pet projects or demands, the result of which was that the new government agreement contained badly needed reforms that had been previously blocked for years.

Throughout the economic crisis, Belgium still performed better than the eurozone average; compared to a peak in 2008, real GDP in 2012 was 1% higher in Belgium in contrast to almost 2% lower for the eurozone. The country however still lacks a global long-term vision for structural reform. In this regard, Belgian politics suffers under the influence of a group of Flemish nationalists, who have set as their main goal to split Belgium into two separate countries, or at least reduce the role of the federal state to a symbolic minimum. This view is opposed by all other political parties, which have now, more or less, espoused a model of a "mature federal state." Most potential or actual reforms are thus seen through this lens, which results in a costly war of attrition instead of the pursuit of structural improvements, long-term planning and general cooperation. This is further stymied by a lack of independent input from academics or experts; when such assistance is mobilized, however, it is often molded to accommodate the vested interests of established parties or socioeconomic interest groups.

Belgium's overall outlook is mixed. On one hand Belgian citizens live well and peacefully, and are economically comfortable. The country's complex institutions are the result of a series of compromises which, while costly, can be considered a model of "pacification democracy." On the other hand, however, Belgium's long-term prospects may be less promising unless a more positive approach toward institutional and structural economic reforms is taken.

Key Challenges

The country's recent economic performance is partly due to temporary measures to maintain employment levels instead of address structural issues.

During the time of writing, however, the effects of the global economic crisis in Europe have become increasingly protracted, and forecasts anticipate low to very low economic growth over the next few years. Labor conditions in Belgium are likely to deteriorate, given the open nature of the Belgian economy; large company restructurings alone suggest the possible dismissal of 20,000 workers over the next two years. The total jobs toll however will likely be a multiple of that figure, as large firms typically outsource some of their activities to local suppliers. Business confidence indicators as of April 2013 are negative. So, while total employment has actually increased in recent years, the picture may become less rosy in 2013 and 2014.

The challenge for Belgium is to enact structural reforms to boost its long-term economic performance; without this, government finances, the generous welfare system and educational performance will suffer.

As population growth is low and the current population is aging, the only way toward growth is to increase employment rates, particularly for older workers, and boost aggregate productivity. This requires improving education by making it more inclusive, and fostering the social and economic integration of second- or third-generation immigrants.

A necessary condition is to unlock Belgium's capacity to initiate structural reforms. Current institutions are too complex. What's more, the survival of Belgium as a unified country is constantly questioned by the political tension between the Dutch-speaking north and the French-speaking south – groups that have developed into two largely separate sets of political elites. To achieve reforms that focus on long-term performance, one needs a clear vision about the future assignment of responsibilities as well as institutional certainty. Political tensions have blurred this vision and have created uncertainty.

Business creation could be fostered by simpler interactions with state institutions. Such a process would require a clear assignment of responsibilities between the myriad layers of the state, which includes the central government, three regional governments, three communities, 10 provinces, and hundreds of municipalities. Business regulations as they exist during the review period could involve each and every one of these layers, if one considers building permits, tax forms and environmental regulations and so on. Simplifying such an administrative maze has been the recurring objective of each government, but little to no progress has been made on such a Sisyphean task.

Labor market regulations and protections perform better than in most other

European countries (for example, the fraction of short-term contracts as part of total employment in Belgium is half the level of France, and a fifth of the level of Spain; which shows that regulations do not act as a major hurdle on companies) but still create perverse incentives that hamper labor market dynamism.

To address this, active labor market policies should be revised with an eye toward efficiency, and several employment traps should be removed. Low-paid workers may experience a net income drop if they take a job instead of remaining unemployed, partly because benefits are only awarded to unemployed workers, and partly because of the very high tax wedge on labor, even on relatively low wages.

The tax system and the financing of social security also need to be completely overhauled. For the time being, Belgium has the highest tax wedge on labor in the entire OECD. This is compensated for by a host of job subsidies, special cuts and incentives and exemptions, but this again adds to complexity and restricts the tax base substantially. It also creates perverse incentives and lengthens time on unemployment (job subsidies typically kick in only after extended unemployment).

In sum, temporary and ad hoc measures, along with a good dose of pragmatism and muddling through, have allowed Belgium to weather the economic crisis better than many of its eurozone partners, and well above expectations given a protracted political crisis and poor initial conditions. However, together with an aging population and a low-growth environment, the lack of a long-term strategy and of comprehensive reforms will likely hamper Belgium's growth prospects in the medium-term, with a negative impact on social sustainability and the overall quality of life.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

During the review period, Belgium has enacted many institutional and economic reforms. The prevailing concern that the country may split in two, between Flanders and Wallonia, at some point in the future, partially prevents the government from pursuing effective long-term planning. Yet recent economic and political crises have forced the issue, resulting in a series of necessary decisions that in the end have left the country in a better position than it was two to three years ago.

Political tension has been quelled by officially splitting electoral districts between Flanders and Wallonia that were previously unclearly drawn. The government also managed to cobble together structural reforms of the labor market to ensure better long-run sustainability. Much of the political tension in the country stems from financial transfers from the more affluent region of Flanders to Wallonia. In response to this, the government imposed tough reforms that seek a drastic reduction in such transfers within 10 years, which increases the incentives in Wallonia to seek out forward-looking reforms. And finally, some fiscal competences will be devolved from the center to regional governments, which may trigger some fiscal competition. The issue is however that fiscal competition risks being intensified in areas that create lots of externalities, making a competitive solution a priori inefficient.

The challenges ahead are enormous: public debt during the review period returned to 100% of GDP, tax rates on labor are the highest in the OECD, and there are pockets of extreme unemployment, in Wallonia and in the Brussels capital region.

Labor Markets

Labor Market Policy
Score: 7

Unemployment rates did not increase in Belgium as dramatically as they did in other European countries during the global economic crisis, largely due to an active policy of employment support and time-sharing, as well as to the diversified nature of the Belgian economy and the relatively high proportion of public jobs (especially in Wallonia). These policies however have shown their limits, and the number of significant plant closures during the review period has created a feeling of economic depression in the country. The unemployment rate is thus bound to rise.

Youth unemployment is significantly higher than for more experienced workers, but the overall moderate rate of unemployment means that the general employment picture is a lot more positive than in, for example, Spain or Greece.

Unemployment rates also differ across regions and cities. Up until recently, Flanders (northern region) was successful in improving employment rates, but the region was hit by the global crisis given the high proportion of plants operated by multinationals (leading to a series of closures, for example, in the automobile industry). By contrast, some older industrial “steel belt” urban areas in Wallonia (southern region) consistently show high unemployment rates (up to 25% in some areas). The Brussels capital region suffers from chronic unemployment due to a mismatch between available jobs, which typically require highly qualified and bilingual workers, and available job seekers, who are largely (second- or third-generation) immigrants with low education (education policy is not adapted to promote skill acquisition by non-native speakers).

Taxes

Tax Policy
Score: 6

The tax structure of Belgium is not equitable as it puts too much pressure on wages (Belgium has the highest effective tax rate on labor in the OECD), a policy which produces strong incentives to avoid or evade taxation (and also encourages a “gray” economy of undeclared activities that do not feed public revenues, and further exacerbate public finance difficulties). On the other hand, capital is only moderately taxed, thanks to tax loopholes both in personal income and corporate tax. With each income source (labor, capital, corporate), horizontal and vertical equity are guaranteed on paper, but differential treatment between income sources weaken this. As the Belgian economy was

relatively stable during the economic crisis, competitiveness was better achieved than equity. Belgium has managed to secure a comparatively low level of public debt despite the economic crisis and extensive problems in the financial sector. In this sense, it is clear that the country's taxation policy does ensure relatively sufficient public revenues.

Budgets

Budgetary Policy
Score: 7

The country's financial sustainability was better restored in the 18-month period of apparent stasis after the 2010 legislative elections than during previous periods of apparent motion. Of course much remains to be done, if only because reforms hurried through in back-room sessions during the crisis were necessarily imperfect. Tax policy still needs a grand overhaul, as well as pension policy, due to an aging population and a diminishing ratio between active and non-active citizens. The goods and labor markets still require structural improvements. The financial sector suffered much during economic crisis, and may be hiding non-performing debt. Overall, however, government action is headed in the right direction.

Research and Innovation

R&I Policy
Score: 6

According to a report by consultancy KPMG, Belgium, since it introduced a national interest deduction and a patent income deduction, has "increased its attractiveness as a prime location for companies involved in research and development activities and in the exploitation of patents." The country's location, transportation facilities and infrastructure offer much for potential investors, KPMG said. Despite these improved fiscal incentives, however, Belgium remains technologically backwards when compared to Germany or France. While some indicators such as patent registration or monetary returns may be improving, the technological content of the country's exports is progressively eroding, and universities are chronically underfunded (yet despite this, most universities still perform well in terms of creating spin-offs and R&D innovation). Overall research and development spending remains below 2% of GDP, and like many other European countries, innovations that emerge from these investments rarely translate into commercial successes that would identify Belgium as a technology leader. Yet, qualified personnel is available and fiscal incentives have attracted some research-intensive firms, such as in the chemical, pharmaceutical or, more recently, computer science (such as Google) sectors.

The picture may evolve more positively, given the pressure to generate economic growth that will not come either from population growth or from industrialization. At each institutional level, regional and federal governments are trying to stimulate innovation and turn innovation into production.

Global Financial System

Stabilizing Global
Financial Markets
Score: 8

Belgium supports internationally concerted efforts to strengthen and make financial activities more transparent, yet does not want to be at the forefront of this endeavor, as being tougher or acting faster than other countries would create handicaps for the Belgian banking sector that Belgium simply cannot afford. That said, the government is supportive of group efforts, such as a European banking union, that would enforce high but identical standards across the region.

II. Social Policies

Education

Education Policy
Score: 6

An OECD in-depth report on the Flemish school system concluded that over the past generation, “the general level of education in Belgium has gradually increased in comparison to other OECD countries, with the proportion of 25- to 34-year-olds having attained upper secondary education or higher (83%) now slightly above the OECD average [...] Flemish students rank among the top three performers internationally in the mathematics assessment and among the top 10 in the science and reading assessments.” However, the educational system has not been able to reduce social gaps, as the report determined that socioeconomic factors strongly influence student performance. “Socioeconomic differences among students and schools account for nearly twice as much of the observed between-school performance differences in the Flemish Community, compared to on average in the OECD,” according to the report. While the report only reviewed Flemish community schooling, the conclusions can be extended to the French-speaking community, with the difference being that average performance in Wallonia is substantially below that of Flanders.

Primary and secondary schools are compulsory and free of cost. Most Catholic schools (referred to as “free” schools), are also largely state-funded and educate

more than half the country's school-age children, do ask for additional "voluntary contributions," but these remain modest in amount. Private funding of education in Belgium is still an exception.

Although the country's Program for International Student Assessment (Pisa) scores are, statistically speaking, significantly above the OECD average, they are characterized by a large dispersion in the quality of output. This is because Flanders and Wallonia have different educational systems, as well as because both show unequal educational performance across social strata. Many experts have argued that part of the explanation lies in the early differentiation by educational track (classical secondary education as opposed to professional training schools), which de facto excludes many students as young as 12 years old from tertiary education.

A large share of the budget is used to pay for students repeating years. The wage premium for tertiary education is estimated to be among the lowest in Europe (Oliveira Martins, Boarini, Strauss and de la Maisonneuve (2009), "Investment in Tertiary Education: the role of returns, individual financing and policies", in *Quel Etat pour quelles performances économiques?*, Charleroi: Cifop), but this is partly mitigated by the relatively low cost of attending Belgian universities.

Social Inclusion

Social Inclusion
Policy
Score: 7

Belgium's generous employment protections, unemployment benefits and overall social safety net helps contain poverty well. But economic conditions are now forcing the government to take a tougher stance on social security programs, and increasing unemployment often goes hand in hand with increasing poverty and economic inequality. Inequality appears to have been increasing in recent years, even though the measure of the extent of this increase depends on the variables used.

Labor market policy, mostly administrated by regional authorities (with some common federal rules), aims at increasing "incentives to work," thereby imposing a reduction in generosity of unemployment benefits. Concretely, the number of months of unemployment after the end of schooling required to start collecting benefits has increased to nine, and, after a period of employment, unemployment benefits can now be reduced at a quicker rate. In a period of acute crisis where few jobs are available, the rates of those at risk of poverty will keep increasing. (The Ministry of the Economy reports that the country's Gini coefficient increased by 17% over the last 10 years. By contrast, Eurostat

data does not show an increase in the percentage of people at risk of poverty).

A chronically weak spot in Belgium's economy that pre-dates the crisis is upward social mobility, which remains fairly limited. Immigrants find it difficult to climb the social ladder; some post-industrial regions suffer from massive unemployment and face a bleak economic outlook for families of these former blue-collar workers. The large number of industrial plant closures will likely add to unemployment concerns.

Citation:

An illustration of a Muslim immigrant's feeling about social mobility and integration:
<http://www.lalibre.be/debats/opinions/article/814152/lettre-ouverte-a-monsieur-trullemans.html>

Health

Health Policy
Score: 8

In Belgium, public hospitals own and maintain good equipment and university hospitals offer advanced treatments, given the institution's participation in medical research. Yet Belgium puts too little emphasis on prevention, and spends more than similar countries on (subsidized) drugs, which may pose problems in the long-run sustainability of the healthcare system.

The country's health care system covers a wide swath of the population. Access to health services is inexpensive, and most of the population is covered by public health insurance. Extensions to public insurance are also inexpensive, and can be obtained through the mutualités/mutualiteiten, or through an individual's employer in some larger firms and administrations. But in this regard as well, sustainability may be at stake in the longer term. The problem is that costs have been contained by cutting wages and hospital costs in ways that do not seem viable for the future, even more so with an aging population. Inclusiveness may be threatened in the medium-term.

Families

Family Policy
Score: 8

Childcare for children below the age of three in Belgium is rationed, especially in urban areas, but the country is still a good performer in this regard. Essentially free public schooling is available for children after the age of three; childcare is essentially available from 7:30 a.m. until 6 p.m. daily.

Subsidies per child (allocations familiale) are low for the first two children, but personal income taxes are lower for households with children, and subsidies per child are much higher from the third child onwards.

The main hurdle is however the high implicit tax rates on low-wage earners, which effectively creates a substantial hurdle for low-qualified second earners in a couple (typically women). Official statistics show that the women's activity rate is only 5 points below the men's rate for those highly educated, but a full 18 points (35% instead of 53%) lower for women with less education.

Pensions

Pension Policy
Score: 6

Pension policy was a sacred institution that few politicians would dare consider reforming until the formation of the most recent government at the time of writing. A protracted political crisis amid the economic crisis forced coalition parties to implement drastic reforms that succeeded in cutting a number of loopholes in the system, closing down much of the early retirement options that were available, and improving the long-run sustainability of the system.

There are three important costs associated with this reform. First, it will likely further increase the risk of poverty for the elderly (pensions are typically low for people who did not have a "complete career," earned low wages or were self-employed and could not invest in a complementary private pension scheme). Second, it is not equitable inter-generationally, as it significantly reduces the return to pension contributions for younger generations. Extremely low interest rates also mean that complementary private pension schemes will be less rewarding for today's workers than for those currently retired. Third, it has not earned popular support, and thus begs politically to be re-reformed when public finances will permit. The long-run fiscal sustainability of the pension scheme is thus far from being guaranteed.

Integration

Integration Policy
Score: 6

There is the political will to help resident foreigners and second- or third-generation immigrants acquire Belgian citizenship, by providing adults with easy access to inexpensive or free training (including language, civic education and so on). However, the education system is ill-adapted to non-native language students who are concentrated in urban areas, as well as in schools with a high proportion of non-native students (insufficient language training and native speaker mix).

Labor market discrimination also remains high. The Center for Equal Opportunities and Opposition to Racism was formed to address such problems.

Socially, government policy is proactive and put into force by political institutions at the different levels (federal, regional and local). Economically, however, there is still a long way to go to achieve adequate social integration of immigrants.

Safe Living

Safe Living
Conditions
Score: 8

Belgium is generally a safe country, yet violence does occur and the country's crime rate is higher than in neighboring countries. Overcrowded, unhealthy prisons are often described as part of the problem; prison employees regularly strike, and the federal government in 2010 started renting cell space from the Dutch government). Police are overwhelmed, and the courts, often seen as lenient, are not always trusted to effectively curb criminality.

A wave of violent crime in the Brussels underground metro system required an emergency reaction on the part of the administration. An increase in the number of police present on public transport has immediately reduced acts of crime, but this issue shows a lack of a proactive policy against criminality in most Belgian cities. Given its central location and excellent transportation infrastructure, Belgium is a hub for synthetic drugs and other forms of trafficking, including related criminal networks and activities. Altogether, a subjective feeling of insecurity among citizens remains high.

Importantly, relative social stability has largely insulated the country from mass demonstrations or riots; one exception is related to the state's decision to forbid fully covering veils, such as the burqa, in public.

Global Inequalities

Global Social Policy
Score: 5

With the effects of the economic crisis forcing the government's hand to cut spending, the Belgian government during the review period slashed its development aid commitment to less than 0.5% of GDP. The minister responsible for development assistance is also the minister of public enterprise and city development, and has absolutely no background or training in development. In other words, development assistance has become a "parent pauvre" of Belgian government policy. Further uncertainty stems from the concern that responsibility over development aid is to be largely devolved to the regional level (the federal government and regional governments are enmeshed in a battle over who should fund what).

On the other hand, Belgium is recognized for the quality of its expertise in development aid. Also, Belgian trade policy is not particularly protectionist, either. Belgium would actually stand to lose significantly from a global rise in protectionism, since a large part of its production is exported. At the international level, Belgium has been part of efforts to push for more fair trade arrangements, but has not been a leader in agenda-setting.

III. Environmental Policies

Environment

Environmental
Policy
Score: 6

Following a general trend in Europe, carbon emissions have largely decreased since the start of the economic crisis; emissions in Belgium in 2011 resulting from the consumption of energy fell to their lowest level since 1993. This may have come about from a change in the country's structure of production, in particular the decline of heavy industry, and is reflected in the decline of total industrial production overall. The main driver of the decline in environmental pollution is, however, not strong political involvement in environmental policies.

Car traffic is unlikely to decrease, partly due to poor management of public transport projects (a regional express train, initially planned for completion in 2012, has been postponed to 2025), and partly due to the state's inability to internalize the externalities of car and truck transport (a dispute between regions over road tolls has not been resolved). The country's highways do not require tolls and congestion in the major cities remains high (Brussels ranks as the tenth most-congested European city out of 59, and the third most-congested EU capital, after Paris and Rome), according to the Tomtom congestion index, with an annual 101 hours of delay for individuals with a 30-minute commute.

There remains the recurring temptation to increase highway capacity around the capital Brussels. What's more, a large shopping center (Uplace) is planned just outside the capital, next to the most-congested part of the highway that surrounds the city.

Electricity production largely hinges on nuclear energy (52% in 2011) and a 2003 law proposing a transition away from nuclear energy was rejected in 2009. Accounting methods have made this mode of energy production cost-free

for producing firms (through accelerated depreciation of capital), which allows the state to broadly tax it. Still, in 2013, the tax on “nuclear rent” was reduced from €550 million to €475 million due to the closure of two of the oldest nuclear reactors for security reasons. The budgetary dependence on nuclear energy makes the transition to renewable energy sources politically sensitive. Whether these plants will be restarted and whether other older plants will continue to fulfill security requirements will determine the importance of this tax in the future.

Significant improvements in water treatment have been recorded in all regions (the implementation of which has become a regional prerogative), even though Belgium still lags behind its European obligations. One main improvement was the opening of a third water-cleaning plant near Brussels in 2008, which treats 100% of the city’s wastewater. In general, Belgium’s complex institutional structure makes environmental policies difficult to manage.

An OECD report from 2011 suggests the “...need for reviewing the division of environmental responsibilities to reduce the costs of lack of coordination and harmonization of policies. In particular, renewable energy would be better promoted by merging the green certificate markets. Water policies would also be more efficient if organized by river basins and not by regions, and with better internalizing pollution costs in water charges.”

Regions as well are now responsible for maintaining forests and biodiversity. Overall, forest management is proactive, with a view toward long-term sustainability. Some superficial attention is being given to biodiversity efforts, such as through policies of planting bush fences along open fields, cutting grass along public roads and taking care of riverside areas; yet there is of yet no coordinated or ambitious policy in this regard.

Global Environmental Protection

Global
Environmental
Policy
Score: 4

The Belgian government seems to have largely freed itself from the responsibility of leading climate negotiations. While the previous government at the time of writing maintained a minister in charge of climate change, federal environmental policy now sits with the secretary of state for mobility, energy, environment and institutional reforms (a member of the executive branch, under the direct responsibility of a minister). There has been no particular role for Belgium, or involvement of Belgium in the design and advancement of global environmental protection schemes since.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 8

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

Media Access
Score: 7

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

The influence of post-fascist or national-populist parties varies, depending on geographical region. In Flanders, the national-populist Vlaams Belang is an established political party, and most media outlets (excluding some left-wing newspapers), including the public TV broadcaster, do cover and offer media access to this political party. In Wallonia, the corresponding Front National (a much less consolidated party) is largely boycotted by the media, and the main TV channels reserve the right to ban the party from broadcasts.

Smaller parties’ (such as radical left-wing parties, during the review period gaining in strength) access to media is restricted. Yet this may have more to do with these smaller parties, apart from a few municipal councilors, not having connections with people who can facilitate more routine media access.

Voting and
Registrations Rights
Score: 9

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

There are two marginal limitations (in terms of the proportion of voters concerned). In some municipalities with “linguistic facilities” around Brussels (i.e., situated in Flanders, but with a significant number of French-speaking voters), voters may not receive voting documents in their native language. Also, the fact that compulsory voting is not extended to Belgian nationals living abroad means that they are, in general, less represented as regular voters.

Party Financing
Score: 10

All political parties represented in Parliament are largely financed by the state, and private contributions are limited. Electoral campaigns at all levels are subject to tight regulations on allowed spending, both in terms of amount and item. After the election, all advertising and campaign spending and contributions are scrutinized in detail, with no partisan bias. Candidates who infringe the rules may, for instance, lose the right to be elected, even though such instances are rare. In most cases, a range of more modest (financial) sanctions are implemented, typically seeing the candidate to reimburse non-eligible expenses or over-expenses. Tight financial control is also exerted during non-electoral periods.

Popular Decision-
Making
Score: 3

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

Some popular initiatives are tolerated, but will only be considered as a suggestion by the authorities. At the local level, “popular consultations” can be organized, but these are largely controlled by local authorities.

More focused public consultations however are organized on a regular basis for city planning decisions, building permits and similar issues. Again, popular reactions are not binding, but are an important component of decision-making. The complex institutional architecture of Belgium also means that approval is sometimes needed at the local, regional, and federal levels for a project to proceed. This gives rise to lots of NIMBY (not in my backyard) lobbying, which for instance has been delaying for decades the creation of a train network around Brussels.

Access to Information

Media Freedom
Score: 8

Some of the main public television and radio stations are managed by representatives of the main political parties; the head of the main French-speaking public media company actually is appointed by the government and claims an official post comparable to that of a civil servant. Regardless, the journalists at the company work free from direct control or political influence, even though some reporting appears excessively lenient on some of the government's main representatives. The country's main private television and radio stations in general operate independently from political parties, even though some interpersonal connections exist at the levels of upper management.

Media Pluralism
Score: 6

Privately held press organizations are largely independent, and they scrutinize public activities increasingly well.

Relatively few actors have an ownership stake in the major private media companies, a situation which is normal amid a small economy (and an oligopolistic market). In practice, the various media outlets (television, radio, print) offer a diverse range of opinion, and most political positions are well-represented. The board of Belgian public media is also composed of representatives from most political parties, which includes government opposition parties (from the main parliamentary parties).

Access to
Government
Information
Score: 7

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

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

As a researcher, it is even difficult to determine out how one gains access in general to information. As a few examples: at the time of writing, finding information from the country's main consumer budget survey has become increasingly difficult; data on pass/fail rates at French-speaking universities is

now considered classified; and information that may have “ethnic” content is now specifically not being collected by the state (a response to the country’s tense ethnolinguistic issues).

Civil Rights and Political Liberties

Civil Rights
Score: 7

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

Yet issues remain. The judicial system structurally underfunded, which means that many cases face a delay of years before a decision is made. Abnormal delays too sometimes force judges to abandon prosecution. In February 2013, a court fined the Belgian state €10,000 per person over judicial delays, due to the government’s decision to appoint too few judges, resulting in unacceptable delays in judgments. In April 2013, Yves Liégeois, the chair of the prosecutor’s office, publicly complained of his increasing inability to pursue investigations.

One instance that has also received wide press attention is the case of the so-called Brabant killers, who murdered some 28 people in a series of events in the 1980s. Considering that the number of people killed was far out of proportion with the money collected during the robberies and hold-ups, most analysts have argued that the criminals’ main motivation was instead political, and that well-trained paramilitary members were likely involved in the series of crimes. Almost 30 years later, the law of prescription may now threaten any possible identification or even sentencing of the people involved. In February 2013, a new investigation team was assembled, and new proofs of evidence manipulation were revealed. Better funding of the courts in general would arguably have enabled the earlier detection of this manipulation and increased the chances of bringing the case to the courts on time.

Another difficulty involves linguistic issues (e.g., in municipalities around Brussels), as some high jurisdictions are split into Dutch-speaking and French-speaking chambers; a plaintiff may face a negative a priori if a linguistic “opposite” chamber happens to process the case in question.

Political Liberties
Score: 8

Belgium is a mature democracy in which political rights are generally well-protected. Weaknesses in the system began to appear as a result of tension between the Dutch-speaking (Flanders) and French-speaking (Wallonia, Brussels and capital periphery) communities. To reinforce the usage of Dutch in Flanders, the Flemish regional government voted a law that, in effect, largely bans the usage of French for political communication in Flemish territory, even

in cities where a large majority of the population is French-speaking. This creates tension when some candidate mayors chose (quite provocatively) to use French regardless. Such candidates won local elections by a large margin, but the Flemish region never agreed to confirm their victory because of the violation of language laws. This Flemish regional policy also complicates the practical operation of French-speaking local associations (e.g., libraries, leisure organizations and so on).

Non-discrimination
Score: 7

As in most countries, discrimination exists in practice. Belgian citizens of foreign origin, for example, perform significantly worse in employment levels and educational achievements. A significant percentage of the Belgian population openly expresses racist speech or feelings. While it is difficult to provide equal opportunities to the disabled (in this Belgium performs less well than most northern European countries), Belgium also falls below the European average with regard to acts of violence against ethnic minorities. Yet state institutions have taken a proactive stance in such matters. Gay marriage has been legal for more than 10 years without significant social upheaval, mass demonstrations or violence. In 1993, the Belgian parliament founded a government agency called the Center for Equal Opportunities and Opposition to Racism. The center is easily accessible to the public, and its many activities are publically visible, yet the organization nonetheless came under criticism in 2010 by a liberal member of parliament.

Rule of Law

Legal Certainty
Score: 7

The rule of law is strong in Belgium. Officials and administrations usually act in accordance with legal requirements, and therefore actions are predictable in this sense. Nevertheless, the federalization of the Belgian state is not yet fully mature, and the authority of different government levels can overlap on many issues; a state of affairs which makes the interpretation of some laws and regulations discretionary or unstable and therefore less predictable than what would be desirable in an advanced economy.

For example, Belgium since 2009 did not ratify any of its fiscal treaties with its foreign partners, mainly because to do so, all levels of power must agree; when they do not, deadlock ensues. Other instances of legal uncertainty include: linguistic requirements, over which national and regional/community rules may conflict; regulation policy, where regulators' decisions are sometimes overruled by the government; and taxation policy, which is in the process of being devolved from the center to the regions. Yet taxation and pension policies both were modified hastily and without notice in 2012, in an attempt to reduce the public deficit.

Judicial Review
Score: 8

The Constitutional Court (until 2007 called the Cour d'Arbitrage) is responsible for controlling the validity of laws adopted by the executive branch. The Council of State (Conseil d'État/Raad van Staat) has supreme jurisdiction over the validity of administrative acts. These courts operate independently of government, often questioning or reverting executive branch decisions. For example, in March 2010 the Council of State invalidated a decision of the Flemish government to ban in schools all visible religious symbols, and forced the federal administration to allow a teacher suspected of "sympathy with terrorism" to teach Dutch to prisoners. That same month, the Constitutional Court declared legal a controversial €250 million tax levied by the federal government against electricity producers. However, the Council of State is split in two linguistic chambers, one Dutch-speaking and one French-speaking. These chambers are separately responsible for judging administrative acts of regions and communities, which poses challenges with regard to government independence, especially when a case involves language policy or the balance of powers between different government levels.

Appointment of
Justices
Score: 9

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

The appointment process is transparent, yet attracts little media attention. Given the appointment procedure, there is a certain level of politicization by the main political parties. However, most justices, once appointed, act independently.

Corruption
Prevention
Score: 7

A number of corruption cases and issues of conflicts of interest, widely covered by the media, has pushed government reforms toward a higher level of regulation of public officers. Since 2006, the federal auditing commission of state spending is responsible for publicizing the mandates of all public officeholders, after some officeholders held a significant plurality of offices. Assets held before and after a period in public office also have to be declared. Although the asset information is not published, the information does have legal value as it can be used in the event of a legal case (public officeholders therefore complete comprehensive declarations); such a practice appears to be effective (and various politicians have been investigated, after the financial crisis and bailout plans). Since 1993, political parties are funded by public subsidies based on electoral results. Private donations by firms are not allowed. This practice is often criticized as one way to preserve the political status quo, as the system makes it difficult for an outsider to enter the political scene. To

prevent further corruption scandals, public procurements over a certain value must be advertised in a standardized fashion, in order to make the process as transparent as possible. This rule has, however, often been bypassed (as revealed by certain corruption cases, such as in Charleroi), by splitting the market into sufficiently small units. Overall, corruption prevention mechanisms remain more difficult to fully implement at the local (municipal) level.

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning
Score: 7

Each minister works closely with a team of collaborators in each ministerial cabinet. Each cabinet is usually large, with as many as 30 to 40 senior staff and experts. Meetings take place often, and the team designs policies in line both with the minister's objectives and the government agreement (Belgium has coalition governments; the government agreement is articulated prior to the formation of the government. It specifies a range of action points for the entire legislature). The minister and the advisory team are then responsible for drafting bill projects which are then submitted to the government in weekly meetings.

In terms of long-term planning, the knowledge accumulated by a minister's collaborators can be lost at the end of a legislative period, as the ministerial team changes when a minister is replaced. In contrast, public administration is run by civil servants with longer tenures of office, but these groups do not generally take part in strategic ministerial decisions. Long-term planning (beyond a legislative term) is therefore made difficult by the government's organizational structure, even if a coalition system allow certain parties to stay in office for several consecutive legislative terms (for instance, the Francophone Socialist Party has continuously been part of the federal government since 1988; the two liberal parties have continuously been in government since 1999). The main rationale for relying on the minister's team instead of civil servants is that the former are the minister's close allies and are more flexible in terms of working hours and availability for emergency situations

The federal Planning Bureau (Bureau du Plan/Planbureau) does play a role in providing longer strategic planning options, but in general it is the ministerial

Scholarly Advice
Score: 5

cabinets that are the main movers of legislative efforts.

Consultation with non-governmental academic experts depends on the subject matter; their actual influence on eventual decisions is relatively limited, and certainly marginal when compared to the influence of experts who are attached full-time to ministerial cabinets. In most matters, some academic experts who are not professional politicians are hired to the minister's cabinet. The advantage of this process is that they become full-time government experts who bring experience to improve government expertise. Revolving doors also exist between the university and the government itself. The president of the Francophone Socialist Party, Paul Magnette, is a former political science professor, while the economics minister, Johan Vande Lanotte, is a professor of law.

One problem however is that since hired experts become fully tied to their minister and the minister's party, they lose some independence in the process. There is also a risk that these experts are selected precisely because they share close views with the minister. The government and/or the Parliament do consult full-time academic experts with independent views, but not in a systematic way, and not necessarily to generate genuine scientific debate. What is systematic, in Belgium's neo-corporatist context, is the summoning of representatives of "social partners" (employers' organizations and trade unions) when a strategic decision is to be made. This means that the influence of academic experts is relatively limited.

During the economic crisis, for example, the Chamber of Deputies 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 politics – representatives of employers and unions, members of the consumers' association, and individuals from a major Belgian company – also took part in the meeting.

As part of the bankruptcy of financial group Fortis, four experts (of which three were academics) were part of the commission to help parliamentary members lead the investigation; 50 people outside government (of which two were full-time academics, one was an OECD expert, and several experts from the National Bank, some of whom were also 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

Interministerial Coordination

GO Expertise
Score: 7

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

GO Gatekeeping
Score: 7

Each potential project envisaged by the government is beforehand submitted to the ministers' council, 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 14 line ministers and 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, the prime minister, whether a project does not fit the government agreement or conflicts with one of the coalition parties, or for any other reason, can block any item presented and either return it for redrafting or turn it down completely. All government members must in contrast defend an accepted project collegially. Altogether, the detailed government agreement, informally referred to as "the bible," provides an easy argument to reject projects that would be politically difficult to handle; if a project does not directly relate to the governmental agreement, it is likely to be turned down.

Citation:

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

Line Ministries
Score: 10

Each potential project envisaged by the government is beforehand submitted to the ministers' council, 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 14 line ministers and 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, the prime minister, whether a project does not fit the government agreement or conflicts with one of the

coalition parties, or for any other reason, can block any item presented and either return it for redrafting or turn it down completely. All government members must in contrast defend an accepted project collegially.

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), which is one of the central components of the government. Each minister is responsible for drafting a proposal, and then submitting the proposal 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? Proposals are debated by ministers only if they pass this first filter, which allows ministers to directly focus on the strategic aspects of the issue. However, the most important strategic considerations are mainly political in many cases as each minister will be mindful of best reflecting the influence of his or her political party.

To reach the council of ministers, a given project is always discussed beforehand in formal or informal inter-cabinet meetings, meetings that gather experts and senior officers of the respective ministerial cabinets whose policy field is touched upon. Most arbitration is made at this stage and, if necessary, further fine-tuned in the "kern" meeting for more important or sensitive policy issues.

Ministerial
Bureaucracy
Score: 5

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

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

Informal
Coordination
Score: 9

Belgian governments are always broad coalition governments (made up of at least four political parties), and mechanisms such as the council of ministers have been established to enforce effective coordination within the government coalition. It is also important to note that political parties are strong and well-

organized. Party presidents are dominant figures who enforce strong coordination both within the party and across government levels (local and national). They can thus impose interparty coordination when needed. In addition, some of the larger parties have well-organized study centers that provide extensive policy expertise.

Both at the national and regional level, there is first a government formation stage, during which each party negotiates the government agreement. This agreement operates as an ex ante contract that limits possible deviation once the coalition is in operation. Once the government is formed, decisions are made collegially, and all government officials must defend the decisions made by the council of ministers. Thus, as long as governmental decisions remain within the boundaries set by the government agreement, coalition committees (inter-cabinet meetings) and the weekly meetings of the council of ministers effectively coordinate policy proposals.

The previous government at the time of writing suffered from lack of effective coordination of this type and ended up falling before its term. The new government is fraught with tension, given the breadth and multiple (and often opposite) views of several parties in the government coalition. Thus, its stability crucially hinges on effective coordination to keep the government in operation.

Regional elections are scheduled for 2014 and, given the reinforced power of regions in Belgium's institutional architecture, both formal and informal coordination mechanisms risk being weakened.

Evidence-based Instruments

RIA Application
Score: 1

Before making a decision, the government will typically seek the opinions of stakeholders in an attempt to prevent misguided policy action. But there are no formal regulatory impact assessment procedures, and surprising policy outcomes are not exceptional. One example is the law crafted to end the use of nuclear energy. No specific coordination, evaluation or action plan has been implemented and therefore the law has simply been rejected; and the planned lifetime of existing central nuclear facilities have been extended (concerns exist however that the required investment to ensure plants remain in good operating condition have not been properly planned, given the extent of political wavering on the issue). At the time of writing, two older nuclear reactors are closed for security reasons; no specific plan for the future of nuclear energy has been implemented.

Quality of RIA
Process
Score: 1
Sustainability
Check
Score: 1

There is no formal regulatory impact assessment process in Belgium.

There is no formal regulatory impact assessment process in Belgium.

Societal Consultation

Negotiating Public
Support
Score: 7

There is a strong tradition of consensual policymaking in Belgium (neo-corporatist arrangements), whereby the government consults most stakeholders (in particular employers' associations and trade unions, so-called social partners) to facilitate the acceptance of policy. However, on some important matters, consensual policymaking has proven incompatible with welfare-enhancing reforms. The tradition of consensus then prevents the government from confronting opposition by veto players, and policies may be stalled. This helps explain, for instance, why the government deficit was not reduced before the crisis, why several attempts to reform and improve public administration stalled, and so on.

This consultation of stakeholders, through the representatives of stable organizations representing specific interests, has expanded from socioeconomic stakeholders to others (religious/philosophical groups, cultural and leisure organizations, environmental protection organizations and consumers' organizations), both at the federal and regional levels.

Policy Communication

Coherent
Communication
Score: 5

Most of the time, the federal government manages to maintain coherent communications and avoids ministers sending contradictory signals to the public, even though political parties come from different ideological backgrounds in a broad government coalition.

The high frequency of "other" elections (municipal, regional, European) however induces parties to keep differentiating themselves by highlighting their individual achievements. Strong party leaders are allowed to create a role where the party leader delivers the party message while party members in the government mostly align to the government strategy.

A striking example is the Francophone Socialist Party Prime Minister, Elio Di Rupo. He is in charge of a mostly center-right government that has achieved, and has publicly communicated, several non-socialist-inspired structural

reforms. Still, the party leader (Paul Magnette) maintains the message that such policies do not represent the view of the Socialist Party itself.

A major weakness of this role comes, again, from Belgium's institutional structure. As ministers compete for votes only within their own (linguistic) community, the competences of a member of government are much more visible in the media of his or her own community. This leads to situations where a certain topic of federal interest is mostly debated in one part of the country while widely ignored in the other.

Implementation

Government
Efficiency
Score: 7

The press called Belgium a “paralyzed” country during its political crisis, a period after the 2010 legislative elections that did not see a government formed for one-and-a-half years. In reality, Belgium used that period to address several issues that had been in deadlock for decades, and curiously, is now in better shape than it was before the crisis.

The reason for the significant delay in government formation is twofold. First, the Flemish Liberals and Democrats (VLD), a center-right party and one of the main coalition partners of the previous government, withdrew its confidence in the government because of lack of institutional and structural reforms. The party intended to grab the opportunity to increase its seat share in Parliament. The outcome was however the opposite. The second reason for the deadlock was a huge surge in the seat share of the New Flemish Alliance (N-VA), a center-right separatist party, which obtained 17.4% of parliamentary seats, while the VLD obtained only half of this.

The N-VA refused to compromise on its program when joining the governing coalition, and the party was at the same time indispensable in forming any coalition. Eventually, after 18 months of negotiations, a grand coalition was formed, composed of the Socialists (center-left), Christian Democrats (centrist conservative), and Liberals (center-right). The opposition consists almost only of Green parties and nationalist parties.

To form the coalition and mute N-VA criticism, the pre-government agreement had to be extremely far reaching. Pensions were cut. Early retirement was reduced. Immigration policy was toughened. Institutional reforms had to be implemented. Healthcare deficits had to be reduced. Financial pressure on the Belgian public debt forced a number of tax hikes and spending cuts. The interest rate on the Belgian public debt is now extremely low.

While the previous government had both ambitious and unrealistic objectives of improving a number of issues, the present government was forced to propose both precise and more realistic objectives. It was constrained in its ambitions by the simultaneity of historical, political and economic crises.

The government agreement is consequently extremely detailed, and modest in the sense that it mostly targets immediate issues such as reducing the budget deficit and addressing institutional deadlocks that only concern a few thousand citizens around Brussels. The government agreement addresses the following key items:

The first point calls for “restoring popular trust in the political system,” a direct response to the huge delay in government formation. The outcome of this goal is mixed. On the one hand, the government has shown it can act and tackle long-standing issues. On the other hand, most of the action is cutting deficits, admitting that politicians cannot reverse the flow of the economic crisis, containing the rise in unemployment, expelling immigrants, and so on. In other words, like all other European governments, the Belgian government cannot do anything grandiose that would restore popular pride in its political class, and opposition parties have thus an easy path to launch populist campaigns.

The second issue is rearranging electoral districts around Brussels. The boundaries of these districts that cross “linguistic borders” were one of the main reasons for the fall of the previous government. Even though the issue has effectively been solved, few seem to think it is a significant achievement, and crisis between the French and Flemish parts of the country have not abated.

The third and fourth issues deal with power devolution to the regions, a policy which de facto significantly reduces the role of the central government. The government has moved fast and correctly on this objective, but its long-term consequences remain unclear, especially as the central government may not have sufficient finances to fulfill its role without becoming a hostage of regional demands. It is also not clear whether Wallonia or the Brussels region will be sufficiently financed. Flanders’ state budget in contrast is bound to become less constrained in the medium-term. Most importantly, it is doubtful that this reform will reinforce institutional stability in the long run.

The fifth issue concerns deficit reduction. As the aftermath of the economic crisis is more serious than was forecast in 2011, the idea of following a year-to-year economic plan was illusory. That said Belgium is among the best

European performers in terms of deficit reduction, with a reservation that the government lacks a long-term strategic plan for deficit containment. The country's growth however is much less impressive.

The sixth issue concerns crucial socioeconomic reforms addressing issues with labor policy, pensions, healthcare, structural inflation, enterprise creation, immigration and justice. Many reforms are being implemented to reinforce market competition in the energy and telephone markets, with the objective of containing structural inflation. Targeted measures have been taken to improve Belgian labor costs and prevent pension costs from ballooning in the near future, but the government has still failed to engage in broad reforms that would improve the country's long-term economic prospects.

Ministerial
Compliance
Score: 8

One should distinguish de jure powers from de facto powers of the government to provide appropriate incentives to each minister. De jure, the prime minister does not have the power to exclude misbehaving ministers from the government. The main architects of government positions are indeed the presidents of the parties in the coalition who, at the government-formation stage, negotiate which portfolios they control, and then nominate their people to run that portfolio. The main incentive of any given minister is thus to push his/her own party's views, as well as himself/herself, rather than the government's potential views – in the hope of increasing the chances of keeping a position in the next government.

That said, this hierarchical structure is actually able to impose strong discipline on each minister when the incentives of party presidents are sufficiently aligned with those of the prime minister, which they currently are at the time of writing. The political situation is that all mainstream parties are in the coalition (except for Green parties which provided external support for some key reforms, but are not part of the government), with the fear that they may be overwhelmed by the Flemish nationalist/separatist New Flemish Alliance (N-VA), which is the main opposition party. They thus have to prove that they can work things out, and delay the election as much as possible, in the hope that the economic situation will brighten and populist feelings fade. This provides strong de facto powers to motivate individual ministers.

Monitoring
Ministries
Score: 6

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

The ministry of finance, for example, was administered by an individual affiliated with the Francophone Liberal (right-wing) party, who was replaced in 2010 by the only candidate who passed the selection tests, which happened to be the former head of staff of the former prime minister, a Flemish Christian Democrat. Thus, procedures do not prevent politics from playing a significant role in the assignment of the most important positions in these ministries.

As the tenure of the general administrator and the minister are different, this opens the possibility for tension the minister and the ministry. The management of the finance ministry was regularly criticized by the Christian Democratic and Flemish (CD&V) party when it was led by a liberal general administrator. At the time of writing, both the minister and the general administrator hail from the CD&V, and thus operational improvements are more likely to take place more smoothly.

This also implies that the supervision of a ministry depends much more on the identity of the minister rather than on the government office at large.

Monitoring
Agencies,
Bureaucracies
Score: 7

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 public radio and television stations, Child Focus, a foundation for missing or sexually exploited children, the Center for Equal Opportunities and Opposition to Racism, some official job placement agencies, public social service centers (Centres Publics d'Action Sociale (CPAS) / Openbare Centra voor Maatschappelijk Welzijn (OCMW)), and so on. The monitoring of these agencies works through several channels. Two are most relevant here. First, a government or party 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 controlled and effective, partly thanks to party discipline.

Nonetheless, effective monitoring is not necessarily synonymous with efficiency. Several scandals have emerged with the economic crisis and have shed light on malpractices in businesses or organizations that while not actually public, can be used to offer positions to former politicians or “friends.” The most pertinent case was with Dexia (formerly Crédit Communal), a bank that historically offered loans to municipalities. It was merged with its French equivalent, and the main administrators were the French and Belgian politicians Pierre Mariani and Jean-Luc Dehaene. Dexia was almost wiped out by the financial crisis, and the poor management by the state of such firms was made clear. Another example can be found in rail transport and infrastructure. Rampant poor management has led to an increase in the number of accidents

Task Funding
Score: 5

and delays to unacceptable levels. A counterexample however is state postal services, which has started to earn a profit and has largely resolved delay problems. But with other examples, such as water distribution, social housing and so on, actions have confirmed that such companies need a significant governance overhaul, which is unlikely to come from government monitoring.

The responsibilities of Belgium's central government in recent decades have been reduced and delegated to regional or sub-regional levels: the three regions (Flanders, the Brussels region and Wallonia), the main two linguistic communities (Flemish and French) as well as the smaller German-speaking community, and the municipalities (communes/gemeenten; a city can be subdivided into several communes). Due to the political stalemate between the country's Flemish and French regions, the Brussels region has voluntarily been chronically underfunded; one of the main items in negotiations for forming a national government was the refinancing of Brussels. Municipalities in rich areas are typically funded sufficiently, but this is often not the case in poorer areas.

Communities have been made responsible for education, but have not received sufficient funding to ensure the healthy development of education policy. The Flemish community and region were merged to address this issue, but the French community could not do the same, as it operates both in the bilingual region of Brussels and in Wallonia (which is French-speaking). The government agreement also implies serious cuts in financial transfers from Flanders to Wallonia over the next 10 years. But since Wallonia is a post-industrial region with unemployment levels twice as high as in Flanders, it is difficult to see Wallonia not continuing to suffer from chronic underfunding.

Another part of the government agreement was to start decentralizing taxation, but the main sources of state financing (direct taxes and VAT) will remain centrally controlled and collected, before being redistributed according to pre-agreed sharing rules. Redistribution issues remain a point of conflict between the main regions and communities, even more so during the recent financial crises.

Constitutional
Discretion
Score: 10

The state has no formal authority over regions and communities (there is no hierarchy between federal and regional/community levels). With some issues, regions and communities are actually becoming more powerful than the national government, and the tension between the country's linguistic communities as well as between its geographical regions reinforces this trend.

National Standards
Score: 5

It is striking to observe that the country's most visible and powerful politicians have during the review period chosen to run for election in their respective regions, rather than seek national posts.

Formally the national government has no authority over regional governments and administrations, but it can impose some standards and policies. Environmental policies have been largely regionalized, but environmental standards and norms are set at the federal level. Also, sub-national and local executives have to abide by budgetary constraints set by the central government. Responsibilities for several policy levers are shared by different government levels, in which case the central government has partial authority over regional governments' courses of action.

Altogether, the central government does not have the ability to enforce or control more detailed standards in terms of things like performance figures, as just one example. The government can only try to maintain influence through more general (legal or budgetary) levers. One example is the national minister of the economy, Johan Vande Lanotte, who works at improving competition among energy and telecom operators, sometimes against the will of regional ministers. The national minister cannot directly set standards at a local level, but he can use market policy to improve these standards indirectly.

Adaptability

Domestic
Adaptability
Score: 6

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

But this enthusiasm toward international and supranational developments has to be mitigated in practice, as Belgium is regularly criticized for not fully complying with rules agreed upon at the European Union, United Nations or NATO. For instance, critiques include the non-respect of the Geneva Convention, the non-ratification of the Framework Convention for the Protection of National Minorities or the Nuclear Nonproliferation Treaty, or Belgium's slower-than-average progress in abiding by EU environmental norms. This can partly be explained, again, by the persistent political tension between the country's Dutch-speaking and French-speaking camps, its complex and still evolving institutional structure, and the fact that, due to decentralization, all governmental entities maintain their own international relations regarding their (sometimes overlapping) competences.

International
Coordination
Score: 7

Belgium hosts various supranational institutions, including the offices of the European Union. The country has always displayed enthusiasm toward joint reform initiatives. This can be illustrated by the large number of Belgian politicians involved in the highest levels of such organizations (e.g., Herman Van Rompuy, President of the European Council; Guy Verhofstadt, leader of the liberal group in the European Parliament; Jean-Pascale van Ypersele, one of three vice chairs of the intergovernmental panel on climate change). Moreover, the country's small size makes it heavily dependent on international coordination. It therefore supports international reform efforts, for instance, on tax systems, carbon dioxide regulation or, as of 2015, on the European equivalent of the American Foreign Account Tax Compliance Act. However, in implementation, Belgium does not always fulfill its commitments.

Organizational Reform

Self-monitoring
Score: 3

The description that is often used to characterize Belgian institutional arrangements is “complex.” The country's tax system is complex; fulfilling international commitments on climate change is complex; understanding the individual competences of each federal entity is complex. Historically, Belgium maintained a national government, the country was divided into nine provinces and each province divided into a large number of municipalities. When Belgium became a federal state with one central government, three regions (Flanders, Brussels, Wallonia), three communities (Dutch-, French- and German-speaking), and the municipalities, the provinces however were not dismantled. As with biological evolution, organs without much use remain present in the body because of the past, yet understanding the actual role of each organ in today's system requires much evolutionary knowledge.

Provinces are just one example of this complexity. Belgian institutions are far from efficient. Many responsibilities are shared or overlap. The responsibility split between municipalities and regions has not been re-optimized appropriately, mainly so in Brussels. Many decisions require “inter-ministerial coordination,” which makes Belgium almost as complex as Europe. Yet no rational solution emerges because any such solution either means more devolution to federal entities, which is perceived by “federalists” as a step toward pure separatism, or re-centralization of some competences toward the central state, which is perceived by “regionalists” as a step backwards toward yesterday's inefficient structures.

The truth is that competences that do not require intense coordination should be fully devolved to the regions, and others that require intense coordination

should be centralized. There should also be a clear hierarchical structure between the central state and its federal entities. In contrast, in the current structure, each entity is so independent that the central government cannot impose needed reforms to meet Belgium's international commitments.

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

Institutional Reform
Score: 3

Most reforms are the consequence of bargaining between power levels, and an attempt to meet contrasting or asymmetrical demands (Dutch speakers want a given prerogative, which French speakers oppose; while French speakers have another request, which Dutch speakers oppose) through global negotiations, at the end of which both sides will obtain some demands (but not all, as any deal is a compromise) through some "package deals" and logrolling. Therefore most reforms do not improve efficiency overall.

For instance, the boundaries of the Brussels region (which are restricted to about one-fourth the actual Brussels agglomeration in terms of area, and one-half in terms of population) results in a number of overlapping issues with Flanders and Wallonia. Within the Brussels region, the competence split between the communes and the region also creates overlap and gridlock, in particular for city planning.

Many tasks, such as road building, public transportation, airport noise or water pollution, have become extremely challenging to manage. However, as the general process has trended toward decentralization, some efforts have had positive effects and can be seen as an improvement in strategic capacity. It still remains to be seen as to the effectiveness of improvements under the auspices of the government agreement at the time of writing.

II. Executive Accountability

Citizens' Participatory Competence

Policy Knowledge
Score: 6

According to data from the European Social Survey 2008, Belgian citizens have an average knowledge of political issues. 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 instead is on par with the United Kingdom (39.2%), Spain (39.5%), Romania (41.7%) and Portugal (42%).

While the same question was not asked in the subsequent survey, in general data shows Belgians’ trust in political and judicial institutions is either slightly above or close to the European average. Time spent listening to or watching political news is above average. Belgians are in principle among some of the most well-informed and politically involved people globally, also given the strength of the country’s political parties and a citizen’s voting obligation.

Making political parties or the government accountable is difficult however because of the country’s complex institutional structure and high degree of proportionality: dispersed votes mean that there is a lot of joint responsibility and few parties in opposition. The national government is composed of Socialists (left), Christian Democrats (center, conservative), and Liberals (right). Opposition parties include Greens, Flemish nationalists (New Flemish Alliance (N-VA), conservative, right-wing), Vlaams Belang (Flemish far-right), and two representatives of two populist parties.

At the regional level, the Flemish government is composed of Socialists, Christian Democrats, and the N-VA. Thus this group rules without Liberal parties that are part of the national government, but instead with the N-VA, which is in the national opposition. Similarly, the Walloon government rules without Liberal parties but with the Greens (Ecolo). Excepting the far-right and smaller parties, almost all parties with an elected representative are in government in some capacity. Since economic outcomes result from decisions made both at the national and the regional levels, individual accountability is very limited.

Legislative Actors’ Resources

Parliamentary
Resources
Score: 9

While Belgium is classified as a constitutional monarchy, it should actually be considered a parliamentary democracy. Parliament is very powerful. During the political crisis, when the government could not initiate law proposals, Parliament took over the steering of government without much problem. Thanks to Belgium’s strong party system, information flows well between the government and Parliament. As party heads are central figures in any political agreement, they can coordinate action at each level. Individual members of parliament as well as party parliamentary groups are also well-supported by

state-funded expert staff and by parliamentary assistants – their overall level of resources is thus high, even if there is often a high level of party discipline in the federal Parliament.

In addition, Parliament can summon any person, even ministers, to request information. It can initiate special investigations (commissions d'enquête), and the Audit Office (Cour des Comptes), which monitors all Belgian institutions, is a collateral institution of the federal Parliament.

Obtaining
Documents
Score: 9

Parliamentary committees are de facto able to obtain essentially all documents they need, as long as documents are not deemed highly confidential. The more sensitive areas include domestic and foreign security, in particular with the police and intelligence services, for which two special regular parliamentary committees have been set up. These powers become even stronger when a parliamentary committee is set up to initiate a parliamentary investigation. This however often leads to a strategy of not collecting data on sensitive issues to avoid having to disclose sensitive information. This does of course imply that government policymaking out of circumstance is pursued a bit in the dark.

Summoning
Ministers
Score: 10

Ministers are regularly summoned to parliamentary committees. The rights of committees do not appear to be restricted. This is reinforced by the fact that, in regular times most parliamentary members (majority and opposition alike) have little chance in seeing their own proposals pass in Parliament. Therefore they concentrate much of their activities on spoken “question hours” and on written questions (which must be answered by the minister in charge), which can attract media attention and thus improve a member’s media visibility.

However, when the attention of the media is keen on a topic, it is frequent that one sees an important minister replaced by a (less important) state secretary during questioning.

Summoning Experts
Score: 9

Experts are regularly invited and questioned in parliamentary committees. The rights of committees do not appear to be restricted. Experts are often called upon, for instance, when committees are addressing so-called ethical laws (involving issues of euthanasia, adoption rights for same-sex couples, religious-related disputes, and so on) or institutional reforms. There are some de facto restrictions as to the 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
Congruence
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 (such as defense, justice, finance or external affairs). Other committees can be more specific than

Audit Office
Score: 10

the ministry (such as committees on economic and business law, Dexia, rail security or tax reform) or instead are meant to be broader when several dimensions are involved (a committee on the financial crisis, or on constitutional reforms). Committees are thus largely able to monitor ministries, but the head of a given ministry is only accountable to his or her minister.

Established by the constitution (Article 180), the Audit Office (Cour des Comptes/Rekenhof) is a collateral body of the Parliament. It exerts external controls on the budgetary, accounting and financial operations of the federal state, the communities, the regions, the public service institutions that depend upon them and the provinces. Some public firms are also concerned (in 2013, the public transport firm De Lijn was auditedFehler! Hyperlink-Referenz ungültig.). Its legal powers allow the Audit Office much independence and wide autonomy to fulfil its mandate. The members of the Audit Office are elected by members of parliament. Office reports are public and presented to Parliament along with the accounts of the state. The federal Audit Office regularly attracts media attention for its critical remarks over the management of public entities or services (such as over the roads in Wallonia).

Citation:

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

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 (7,682 complaints and information demands were addressed in 2011). 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 regional or community authorities. Regional authorities have their own ombudsmen, most of who were also installed in the 1990s and early 2000s, so some overlaps occur.

Media

Media Reporting
Score: 6

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, but the economic crisis in the media sector is accelerating

the trend toward lower-quality information, and a growing inability to lead in-depth investigations, in particular to monitor policymaking.

Almost all television channels, public and private, organize political debates on weekends but, again, programming substance is superficial at best. Pure “infotainment” programs are more widespread on Dutch-speaking than on French-speaking channels, but the French-speaking media are the ones that suffer the most from a narrow customer base and foreign (French media) competition.

Overall, media from each linguistic community focuses mostly on their own community, with little attention paid to events, personalities and perceptions in the other linguistic community. This has improved somewhat from 2009, however, with deliberate attempts (mostly from public broadcast companies Vlaamse Radio- en Televisieomroeporganisatie (VRT) and Radio Télévision Belge Francophone (RTBF)) to provide broadcasts examining the views of the “other side” of the country. The same holds for some major daily newspapers, also operating in duo (for instance *Le Soir* and *De Standaard*).

Parties and Interest Associations

Intra-party
Democracy
Score: 5

Belgium maintains a multiparty political system, with more than a dozen parties that hold regular parliamentary representation. Party organizations also come in a broad variety of forms. Three parties obtained more than 10% of the national vote in 2010: the New Flemish Alliance (N-VA) obtained 17.4% of the vote. Its president, Bart De Wever, is probably the most charismatic political figure in Belgium, but his refusal to strike a consensual agreement with other parties has pushed the party into the opposition. French Socialists obtained 13.7% of the vote in 2010. The party’s then-leader, Elio Di Rupo, is now prime minister. The Flemish Christian Democrats obtained 10.85% of the vote, and are in the governing coalition.

All the other parties obtained less than 10% of the vote at the national level, but one should be aware that each party only runs in its own districts, in Flanders for Flemish parties and in Wallonia for French parties, together with Brussels and some surrounding districts. Other parties obtaining more than 10% of the vote in their relevant districts were the French Liberals (Reform Movement, 9.28%), Flemish Socialists (Social Progressive Alternative, 9.24%), the Flemish Liberals (Flemish Liberals and Democrats, 8.64%), the Flemish far-right (Vlaams Belang, 7.76%), the French Christian Democrats (Humanist and Democratic Center, 5.52%) and the French Greens (Ecolo, 4.80%).

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

The actual competitiveness of these internal elections varies widely on a case-by-case basis. In most internal elections, the winner is elected by a crushing majority, suggesting that challengers are simply acting figures destined to give an appearance of internal democracy. But it does happen that some internal elections are highly competitive, and lead to surprising results. One case was with the French Christian Democratic party (at the time, the *Parti Social Chrétien*, PSC). One of its main figures was Gérard Deprez, who tried to push Joëlle Milquet as his successor in 1995. This attempt was however quashed by other groups inside the party. In 1998, Deprez decided to create a splinter party, the *Mouvement des Citoyens pour le Changement* (MCC), which was subsequently merged with the liberals and another party into the *Mouvement Réformateur*, the now French Liberal party. That party also experienced a competitive internal election in 2011, when the party’s internal tension became public. The outcome was again the election of a candidate who hailed from another group than the departing incumbent.

There is some formal level of participation of party members in the selection of candidates for elections through polls or similar systems, but local party leaders largely control the process and often present “closed lists” to party members. Overall, the process is mostly controlled by intermediate party elites, with the exception of the Greens (who maintain a stronger grassroots and democratic activist base).

Citation:

Wauters, Bram (2013). “Democratising Party Leadership Selection in Belgium: Motivations and Decision Makers”. *Political Studies*, forthcoming.

Association
Competence
(Business)
Score: 8

Belgium has a high level of trade union membership and a strong tradition of social consensus, through strong and well-organized trade unions and employers’ organizations. For instance, most proposals on wage regulation and employee protection are the result of routine negotiations between employers’ associations and trade unions. Proposals are validated by the government and translated into law. This continuous mechanism of cooperation forces these

Association
Compentence
(Others)
Score: 7

actors to present realistic and well-argued demands (budgeted and framed in legal terms), even if some bargaining (and bluffing) occurs. Both trade unions and employers' organizations have their own well-developed study services with highly technical (legal, budgetary and so on) expertise. It should be noted that, in contrast to political parties, employers' associations and trade unions are still structured at the national level. However, there are some elements of Belgian social organization that appear not to be open to debate, given general conservatism and a need to protect the institution.

There is a large range of opinion and proposal formulations in Europe, and Belgium is among a group of good performers in this regard. Several non-economic interest associations receive state funding, including environmental, cultural, religious/philosophical, sports/leisure and minority (such as individuals with handicaps) groups.

The largest groups are able to not only make proposals but also actually influence policy. Consociationalism also implies that some socially important decisions are made smoothly. The decision to legalize same-sex marriage in 2003 or euthanasia in 2002 followed intense but quite dispassionate debating. The contrast with recent demonstrations in France over similar issues is all the more striking.

The main reason why this can happen is again related to the predominance of political parties. Several groups and associations that receive funding either initially have, or subsequently develop, preferential political relationships with political parties and/or government actors. This means that social groups, associations and (to some extent) publicly funded schools often have longstanding ties to a political group. It implies that there is a strong incentive for non-economic interest associations to propose policies, and to be reasonably documented with such proposals, as there is a high probability that they may see those proposals debated in Parliament.

Obviously, the negative aspect of this structure is a dependence on public funding, and therefore a possible lack of independence, which is sometimes criticized by more radical cadres and activists. On the positive side, some groups are able to coalesce in broader umbrella organizations (such as around environmental protections) that are then able to hire stable staff with policy expertise.

This country report is part of the Sustainable Governance Indicators 2014 project.

© 2014 Bertelsmann Stiftung

Contact:

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh

Dr. Daniel Schraad-Tischler
daniel.schraad-tischler@bertelsmann-stiftung.de

Najim Azahaf
najim.azahaf@bertelsmann-stiftung.de