

SGI

Sustainable
Governance
Indicators

2015 Belgium Report

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Executive Summary

Belgium, located in the heart of Europe, is a small country with 11.1 million inhabitants. In 2013, its gross domestic product (GDP) was €95 billion at market prices (i.e. 14.5% above the 2007 pre-crisis level of €45 billion; data from the Belgian National Bank). Belgium has shown itself to be one of the good performers in the euro area in recent years. According to Eurostat data, Belgium's purchasing power per capita is about 10.2% above the euro area average, and 19% above the EU28 average. Belgium also boasts an extremely open economy, with the sum of imports and exports amounting to 170% of GDP; the country's trade balance is slightly positive. The unemployment rate was 8.5% in September 2014, which is below the euro area average (11.5%).

Belgium is thus economically rather healthy, although not among the best performing economies of the EU. It boasts a highly educated population, attracts substantial foreign direct investment, maintains high-quality hospitals, has a healthy housing market (i.e. it did not crash during the financial crisis, but recent estimates still suggest some overvaluation of the market) and overall manages a well-performing economy. With its comprehensive road, rail, water and information technology networks, in addition to its world-class harbors, Belgium provides direct access to and from the rest of the world into Europe. Its openness in terms of trade and high reliance on exports implies that Belgian companies must remain competitive or face losing their market position. The International Institute for Management Development (IMD) ranks Belgium as the twenty-eighth most competitive economy in the world. On the other hand, the country also suffers from a relatively high debt-to-GDP ratio (close to 100%) and it claims the highest tax wedge on labor in the OECD.

Belgium suffers from a progressive erosion of its competitive position, as witnessed, among others, by its progressive fall in world competitiveness indices such as the IMD's. This is the result of ill-functioning (non-tradable) goods and products markets, some labor market rigidities that slow down the adjustment of the economy (yet with relatively moderate impact, as the above data show), and – last but not least – major institutional and political problems that reduce government efficiency.

The last government (2011–2014, led by Prime Minister Di Rupo) implemented a substantial number of reforms to address some of these problems, but without completely satisfactory results. Importantly, the reform performance of that government has been far superior to the ones that preceded it and more reforms can be expected from the recently formed government (Prime Minister Michel, formed in October 2014). This is an important change in the dynamics of Belgian policymaking.

The country is divided by linguistic tensions between the Flemish-speaking majority, which features very good overall economic performance, and a French-speaking minority, with inferior economic performance. In between these two groups, there is also a German-speaking minority and Brussels has a special, multilingual, status. Decades-long tensions produced inferior institutional arrangements with a layer-cake of federal, regional, provincial, and community (read: linguistic) entities, with unclear and often overlapping responsibilities. This produces frequent deadlocks and ideological/linguistic positions often dominate rational arguments when reforms are made. It also produces centrifugal forces, with several political parties in Flanders arguing in favor of splitting the country.

Amid such tensions, the Di Rupo government needed a year and a half to form (at the height of the financial crisis). During this period, Belgium's parliament passed several urgent measures to absorb the shock, which left Belgium in a relatively good position when the government finally started functioning. The grueling formation process also produced a large number of agreements for reforms that had been postponed for decades. Some politically thorny issues were finally addressed, and this government initiated some pension and unemployment benefit reforms. It also raised a number of taxes and forced adjustments in its main banks. Although insufficient and at times clumsy, these reforms were sufficient to restore the short-to-medium term sustainability of Belgian public finances and saved the country from attacks on its debt by the financial markets. The public deficit fell to 2.6% of GDP in 2013 and is forecast to remain below 3% of GDP in the forthcoming years.

Yet, key medium-to-long term challenges have still not been addressed. The competitiveness of Belgium vis-à-vis its neighbors keeps eroding and GDP growth in Belgium remains too low to ensure the sustainability of its public pension scheme. Inequality, while starting from a low level, has been increasing. The tax system requires a comprehensive overhaul that will ensure better efficiency and long-run legal stability. The newly formed government seems set to address some of these issues and announced a substantial pension and tax reform. Regarding long-term productivity improvements, past evolutions witnessed a substantial increase in the number of students

completing higher education. Yet, universities and other higher education institutions have seen their financing plateau, producing a substantial drop in resources per student, which does not bode well for future innovation.

Belgium's overall outlook is thus mixed. On the one hand, Belgian citizens live well and peacefully, and they 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, Belgium's long-term prospects may be less promising without a more positive approach toward institutional and structural economic reforms.

Key Challenges

Belgium faces at least three key challenges.

First, it suffers from sluggish growth and extremely low inflation (a challenge common to the whole euro area). Being an export-driven economy, this challenge must be addressed by improving euro-wide policies. It is both an immediate consequence of the financial crisis and a decade-long process of slowing growth. Belgium has been among the slow-growing economies of the euro area.

While Belgium weathered the current economic crisis better than many other EU economies, its lack of structural reforms and labor reallocation across sectors stoked excess capacity, in particular in industry. Its lack of competitiveness caused a progressive erosion of its share of export markets. In spite of this, inflation remained slightly higher in Belgium than in its neighboring countries, which means that it now needs to undergo more drastic adjustments.

The newly formed government (led by, right-wing, Prime Minister Michel) announced a number of measures to address this competitiveness problem: it wants to reduce labor costs, partly through a reduction in employers' social security contributions and partly through a break on wage increases (i.e. one of the reasons for Belgium's lack of competitiveness is the presence of wage rigidities). While addressing that problem is certainly a necessity for long-term growth, short-term adjustments ought to focus on further slowing down Belgium's core inflation and on GDP growth. In addition, with a public debt close to 100% of GDP, the government is likely to cut spending, which will reinforce excess capacity unless private investments pick up sufficiently quickly.

The second key challenge is to restore the long-term growth potential of Belgium and ensure that its public finance will remain sustainable despite population aging. Policy-wise, at least four sets of measures are repeatedly put forward by the main international organizations (e.g. the EC, the OECD and the IMF). First, Belgium needs to reform its tax system, which is too heavily skewed towards taxing wages and too little towards taxing pollution. Belgium also suffers from a large number of tax exemptions and expenses, which reduce its tax base. The newly formed government announced some cuts in the tax-and-social-security wedge on wages, but does not seem willing to significantly broaden the tax base. Second, Belgium needs to address its pension problems. Its unfunded pension system has been shown to display an implicit debt worth two or three times its GDP. The previous government organized a national conference on pension reform and the new government seems set to enact some of its recommendations. Regarding health care, progress is more sluggish and no thought-through strategy seems to emerge. Third, Belgium needs to improve wage formation and make labor and product markets less rigid. The newly formed government would like to reduce wage growth by imposing a furlough on wage indexation. Yet, this government is atypical in traditionally consensus-driven Belgium. Its coalition base is narrower and more right-wing than recent governments, and political polarization has increased. Unions and the socialist opposition will do their best to block some of these reforms. Fourth, the country should increase productivity growth in the long-term. This calls for an intensification of Belgian R&D policies and the reinforcement of its universities. Here, institutional inefficiencies and budgetary constraints impair progress, as the federal government only has a partial grip on the issue. Some powers are devoluted to subnational governments, which are cash-strapped. Investment in higher education and public research is thus failing to catch up with international reference levels.

The third key challenge for Belgium is to address the internal political and institutional tensions which threaten to break up the country, and to improve institutional efficiency. To simplify the situation close to caricature, Belgium is divided between a Flemish majority with relatively low unemployment, high education performance (according to PISA scores) and a comparatively more right-wing political preference, and a French-speaking minority (located in Wallonia and representing a substantial majority in Brussels) with relatively high unemployment, inferior education performance and a comparatively more left-wing political preference. Economic inequality implies that substantial financial transfers take place from Flanders (and the rich periphery of Brussels, which is largely French-speaking) to Wallonia. Political heterogeneity implies that the desired policies of the median voter differ

between the north and the south. The conclusion drawn by some Flemish parties is that the country should be split or, at least, that powers should be so much devoluted to the regions that the Federal government would only be symbolic and dependent on the regions. The issue is that externalities between regions can be so high that devolution has already shown its limits for some policies.

The newly formed government is at a crossroads: for the first time, the Flemish separatist N-VA (New Flemish Alliance) party is part of the federal government and only one party from the French-speaking side is present in the coalition. The key question is whether this government will manage to solve so many issues that separatist tensions get quelled or whether it will turn out to further exacerbate community (linguistic) tensions.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

Over the last years, Belgium has enacted several institutional and economic reforms. The previous federal government was formed at a time when the main fear was that the country may split in two, between Flanders and Wallonia. This concern, combined with the effects of the economic crisis, forced the government to enact the most urgent economic reforms (primarily pension and labor market reforms), but also prevented it from pursuing effective long-term planning. Overall, the country is probably in a better position than it was a few years ago, but the challenges ahead are still numerous. The reforms implemented have been more timid than similar reforms implemented elsewhere in other European countries (UK, Spain, Portugal or, before them, Germany and the Netherlands). Belgium's competitive edge is slowly eroding.

Much of the political tension in the country stems from financial transfers from the more affluent region of Flanders to the poorer regions of Brussels and Wallonia. In an attempt to alleviate tensions, the government has imposed tough reforms that seek a drastic reduction in such transfers within 10 years. These reforms are designed to incentivize the pursuit of forward-looking reforms. However, little in the way of outcomes has to date been realized.

Finally, some fiscal competences are being devolved from the federal to the 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 is still at 100% of GDP; together with Italy, tax rates on labor are the highest in the OECD, and there are pockets of high unemployment, mainly in Wallonia and in the Brussels capital region.

Labor Markets

Labor Market
Policy
Score: 6

The fact that overall unemployment did not increase as dramatically in Belgium as it did in many other European countries during the global economic crisis points to the successes of the Belgian social safety net. Economic inequality in Belgium is also less severe than in many other advanced economies. Yet, Belgium also repeatedly failed to substantially improve its labor market environment and substantial reforms for the medium term are still needed.

Labor market participation remains below target, mainly so for older workers. Popular opposition to measures imposing longer working lives is high. Nonetheless, the government did introduce some measures to reduce early retirement.

Wage formation is also a hurdle: it is customary in Belgium to have wages increasing with tenure, which makes older workers sometimes noncompetitive. Imposing lower wages and additional years of work to those who already have a long career behind them is far from obvious. When such measures are taken together with more generous treatment for firms, they also appear unjust.

Labor taxation and social security contributions are very high, which is another hurdle, mainly so for middle- to high-income workers. The lack of a comprehensive tax reform, together with strong wage rigidity, means that labor costs adjusted for productivity gains tended to increase faster than in neighbouring countries.

Access to unemployment benefits are being tightened, but this is happening during a period of sluggish investment. Some measures to improve vocational training have been taken. Reducing the extent of social safety net coverage, however, risks increasing economic inequalities.

Taxes

Tax Policy
Score: 6

The tax structure of Belgium is not equitable as it puts too much pressure on wages (with Italy, Belgium has the highest effective tax rate on labor in the OECD), a policy which produces strong incentives to avoid or evade taxation. 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.

Yet, low (measured) inequality places Belgium among the most “equitable” countries. As the Belgian economy was relatively stable during the economic crisis, one can conclude that its competitiveness, although eroding progressively, was less a problem than in peripheral EU countries. The public deficit also remained quite well contained. This is, however, in part a product of the fact that some public sectors (e.g., judiciary, higher education) are chronically underfunded.

Budgets

Budgetary Policy
Score: 7

The last government was quite effective at restoring the country’s financial sustainability, which allowed the government to regain cheap access to capital markets. However, this mainly reflected a set of short-term measures, with more tax increases to cover expenses than measures to improve the efficiency of public service provision and tax collection. Both tax and pension policy each require a grand overhaul: the implicit debt of future pensions is enormous given the aging population structure and the lack of a comprehensive pension reform. The goods and labor markets still require structural improvements.

Prospects are however potentially positive, since the previous parliament organized two comprehensive assessments of these problems (also involving academic experts): one for taxes and one of pensions. The new government seems keen on imposing deeper reforms, but the fear is also that they will be unbalanced, and face too strong opposition to be fully implemented.

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, which has been largely devoluted to the three regions (Flanders, Brussels, Wallonia) with regards to public funding, 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.

Global Financial System

Stabilizing
Global Financial
Markets
Score: 8

Most banks suffered extensively from the crisis, and the Belgian government was more proactive in the restructuring of banks than many of its fellow European governments. Yet Belgium is clearly too small a country to restore financial stability alone. Indeed, some of the largest Belgian banks are structurally linked to other European banks, or have in fact become subsidiaries of larger banks with headquarters based in neighboring countries (e.g., ING, BNP Paribas). This led the government to promote international efforts to restore financial stability, combat financial fraud and tax evasion (from which Belgium is one of the main losers). Belgium also actively took part in the creation of the so-called “banking union” in the euro area. It also volunteered efforts at improving banking supervision within its borders.

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 the French-speaking part of Belgium is substantially below that of Flanders.

Too few reforms have been implemented in the French-speaking part of Belgium to generate improvement. While the government continues to spend generously on education, the qualitative outcomes have to date shown no improvement (though in quantitative terms, school enrollment is high above the OECD average).

The 2013 OECD Education at a Glance publication notes in its summary of Belgium that “more students without qualifications (have been) left out” since the beginning of the crisis. Drop out rates have indeed increased in secondary schools. Tertiary education, in contrast, has absorbed a large increase in enrollment rates, but without a matching increase in funding. The financial situation in universities and higher education institutions is thus deteriorating.

As reported by Vanden Bosch (2014), the European Commission also “points to the lack of coherence between education and employment policies, given the specific needs of the migrant population.”

Citation:

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Social Inclusion

Social Inclusion
Policy
Score: 7

Thanks to its tradition of generous employment protections, unemployment benefits and overall social safety net, all of which help contain poverty, Belgium’s relative position in the world with respect to social inclusion has improved. In absolute terms, however, poverty has increased because of the economic crisis and because of the necessity to curtail social security expenses so as to keep the public deficit under control (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).

Changes in labor market policy are mainly directed towards increasing incentives to work, thereby imposing a reduction in generosity of unemployment benefits, which led to an increase in the proportion of people who are neither employed nor completing their education.

Belgium has tightened its immigration policy. Immigrants are therefore now subject more often to deportation, and Belgium has become a leader in curtailing social security benefits to intra-EU migrants.

Health

Health Policy
Score: 7

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

A 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. Too few graduating doctors are allowed to practice, and the short supply of doctors in the country may compel an increasing number to leave the public system and the constraints imposed by state subsidies and move to fully private practices. Inclusiveness may thus be threatened in the medium-term.

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

Recently, entire areas of state competences regarding health care have been conferred to the regions (Wallonia, Flanders and Brussels) in order to allow them to tackle sustainability issues at a more local level. The hope is that this makes each of these governments more accountable. However, this devolution of competences risks a loss of coordination and increased costs (e.g., expensive large medical equipment) in a country where one can move from a hospital in one region to another in a 20-minute drive. There is also a risk of lost management competence, since the pool of ministers and experts is a lot smaller in the regions than in the country as a whole.

Families

Family Policy
Score: 8

Child care 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; child care is essentially available at low or reasonable cost from 7:30 a.m. until 6 p.m. daily.

Subsidies per child (allocations familiale), which have recently been devolved to the federated entities, 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.

High implicit tax rates on low-wage earners, which effectively create a substantial hurdle for low-qualified second earners in a couple (typically women) remain a hurdle to an equitable family policy. Official statistics show that 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 always has been a touchy issue. Reforms were continuously delayed until the financial crisis hit the country and forced the previous government to initiate a bunch of reforms to restrict early retirement. In comparison to what had been achieved over the last 20 years, this is a major achievement. Yet, the implicit pension debt is much higher than the present public debt with current pension schemes.

Potentially good news is seen in the fact that the previous government called a national conference on pensions. A set of experts and politicians met regularly for more than a year to produce a report on the state of play and make concrete proposals, based on sound research and evidence from other countries. The new government seems keen on implementing a large set of these proposals.

There is, however, a negative aspect to be considered: pension generosity will clearly fall, while minimum pension levels are already very low, producing relatively high poverty rates among the retired. Public pensions are often topped by private pension funds (especially for medium- and high-income categories in the private sector), but the economic crisis has dented their expected returns. Poverty among the retired can thus be expected to increase over the next decades.

Next to this private sector pension system, civil servants benefit from a distinct and more generous system. This system is actuarially too generous, which calls for a tightening there. But tackling that issue has always been politically difficult, and it remains unclear if the new government has the capacity to effectively address that issue.

Integration

Integration Policy
Score: 6

There is a 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, Belgium keeps failing to adapt its education system, which is ill-adapted to non-native language students. In some urban areas, the proportion of these students is high, and schools are unable to provide adequate education. Natives do their best to avoid these schools, which reinforces segregation. The French Community (one of the sub-governments in Belgium) implemented reforms to force mixing, but with schemes that are so inefficient that they only seem to have exacerbated the situation.

Labor market discrimination remains high. The Center for Equal Opportunities and Opposition to Racism was formed to address such problems. And while there are several proactive policies in place, the deep education and employment gaps between Belgian nationals and residents of non-European origin persist.

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. Underfunded, overcrowded, unhealthy prisons are part of the problem. Efforts have been made to improve the presence of the police in potentially risky areas, but the courts are too slow (huge backlog) and often perceived as lenient. Part of this is due to chronic underfunding of the judiciary, further impaired by linguistic issues in and around Brussels (the issue being the imbalance in the proportion of French- and Dutch-speaking judges and chambers, which creates a huge backlog in some chambers, particularly for penal issues). Overcrowding in prisons is another problem, as it prevents judges from sending convicts to jail, unless they have committed major crimes. This helps maintain a feeling of impunity for small misdemeanors.

Importantly, relative social stability, neocorporatist practices and arrangements and limited income inequality has largely insulated the country from mass demonstrations or riots as the ones sometimes observed in France, for instance.

Global Inequalities

Global Social
Policy
Score: 4

The economic crisis has placed continued pressure on the government's development aid efforts. International development policies are becoming increasingly seen as an instrument in helping Belgian firms export to developing countries. The rest of the aid is being cut, and Belgium is repeatedly missing its own targets in terms of spending, in spite of recognized Belgian expertise in the field. 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 decreased substantially since the start of the economic crisis; emissions in Belgium in 2012 were down by 18.5% in comparison with 1990. This reduction, however, seems to have leveled off in 2013–2014, according to OECD projections. The main reason for this drop was the lack of competitiveness of several high-emission sectors (e.g., steel, car production,...) which led to plant closures.

Car traffic is unlikely to decrease, partly due to poor management of public transport projects (e.g., a regional express train for the Greater Brussels area, 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. The country's highways are toll-free, and congestion in the major cities remains high. Brussels, for instance, ranks as the eleventh most-congested European city out of 60, according to the TomTom congestion index, with an average delay of 45 minutes during peak hour, for a one-hour drive in off-peak conditions. Only Istanbul and Moscow fare worse on that metric, according to the analysis by TomTom.

There remains the recurring temptation to increase highway capacity around the capital Brussels. What's more, several big shopping centers are planned to open in the periphery of Brussels, which is expected to increase traffic. Outside of city centers, housing remains largely dispersed (urban sprawl), which further increases car traffic.

Efforts have been made to increase the share of solar and wind electricity production, but with huge cost overruns that were not anticipated by policymakers (despite warning from experts). Traditionally, Belgium relied a lot on nuclear power to produce electricity but several plant failures (without environmental consequences) may imply a drop in the share of nuclear power in the future. Too little has been made to improve energy efficiency, even when it would have been less costly than producing solar energy (which was fancier).

Significant improvements in water treatment have been recorded in all regions (the implementation of which has become a regional prerogative), even though Belgium still only fulfills 50% of its target (this places Belgium in the middle of the pack in comparison with other EU countries. The European Court of Justice keeps nudging Belgium to improve by repeatedly condemning it for failing to abide by EU regulations (at least one ruling per year over the last years).

Policy-wise, 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.” Regions are now responsible for maintaining forests and biodiversity. Overall, forest management is proactive, with a view toward long-term sustainability. Some superficial attention is given to biodiversity.

Citation:

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TomTom (2014). “TomTom European Traffic Index”

Global Environmental Protection

Global efforts to foster environmental protection are coordinated by the European Commission, and the Belgian government seems to prefer to sit on the backseat in that regard. The Minister of Sustainable Development was also

the Minister of Finance in the previous government. Clearly, his attention was more focused on the finance component of his portfolio. There has been no particular role for Belgium, or proactive involvement of Belgium in the design and advancement of global environmental protection schemes – especially since several aspects of environmental protection policies have now been devolved to the regions; this leads to frequent difficulties in the formulation of a clear Belgian (federal/national) position.

Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 8

Standard legal restrictions, such as requiring a certain number of signatures before an individual may run as a candidate, are fair and are effective in controlling the number of candidates in any election. The same holds for parties, which can be relatively easily registered and at very little cost, even in a single constituency (or electoral “arrondissement”). In practice, however, such restrictions may represent a higher hurdle for smaller or local parties or candidates. One reason is that the registration process has been mastered by the more established parties, 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 considered to be an acceptable party for media interviews and broadcasts. In Wallonia, a radical populist party (Parti Populaire) receives some media coverage; so does the extreme Left-Wing PTB/PVdA across the whole country. All other parties have quite fair access to the media. Difficulty of access only seems to be substantial for ultra-minority parties, because of their sheer size.

Voting and
Registrations
Rights
Score: 9

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

There are two marginal limitations in terms of the proportion of voters concerned. In some municipalities with “linguistic facilities” around Brussels (i.e., situated in Flanders, but with a significant proportion of French-speaking voters), voters may not receive voting documents in their native language. 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, based on the number of votes cast and the number of parliamentary seats, and private contributions are limited. Electoral campaigns at all levels are subject to tight regulations on allowed spending, both in terms of amount and item. After 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 and are rare.

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 and has blocked the completion of the southern part of the motorway ring 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.

Privately held press organizations are largely independent, and they scrutinize public activities increasingly well, though their level of financial resources is sometimes problematic.

Media Pluralism
Score: 6

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 + web) 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).

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.

Access to
Government
Information
Score: 7

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 ineffective 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.

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 prejudice 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 tensions 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 created tension when some candidate mayors chose (quite provocatively) to use French regardless. Some Flemish local politicians in the greater metropolitan area surrounding Brussels also push for limitations in the use of French in the business and private/cultural spheres as well, which in principle runs against constitutional liberties.

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, though rarely through mainstream media outlets.

While it is difficult to provide equal opportunities to the disabled (in this respect 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, including legal support for persons subject to discrimination, are publicly visible.

Rule of Law

Legal Certainty
Score: 7

The rule of law is relatively 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 failed to actually implement many of its fiscal treaties with foreign partners (for a list, see the Belgian Service Public Federal Finances website). The main reason being that all levels of power (federal, regional, etc.) 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 at the federal, sub-national and local levels. 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: 8

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 above a certain value must follow strict rules. This rule has, however, often been bypassed at the local level (as revealed by certain corruption cases, such as in Charleroi), by splitting the market into sufficiently small units. Overall, the fight against outright corruption seems to have gained in effectiveness over the last years.

Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 7

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

In terms of long-term planning, the knowledge accumulated by a minister's collaborators can be lost at the end of a legislative period, as the ministerial team changes with the minister. In contrast, public administration is run by civil servants with longer tenures of office, but these groups do not generally take part in strategic ministerial decisions. Long-term planning (beyond a legislative term) is therefore made difficult. The main rationale for relying on the minister's team instead of civil servants is that the former are the minister's 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 cabinets that are the main movers of legislative efforts.

Scholarly Advice
Score: 5

Consultation with non-governmental academic experts depends on the subject matter; their actual influence on eventual decisions is quite limited most of the time, and certainly marginal when compared to the influence of experts who are attached full-time to ministerial cabinets (see below). The government and/or the parliament do consult full-time academic experts with independent views, but not in a systematic way, 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. One exception might prove to be the Pension Commission, which brought together scholars and politicians to produce a comprehensive report on how to reform the Belgian pension system. It remains to be seen what its impact will be.

A different channel through which academic expertise is used for policymaking is that ministers sometimes hire such experts to work in their cabinet, thereby allowing scholars to become policymakers. Revolving doors also exist between the university and the government itself. The former president of the Francophone Socialist Party, Paul Magnette, is a former political science professor. The new minister of justice, Koen Geens, was a law professor at the Katholieke Universiteit Leuven.

Hired experts, however, once they have become fully tied to their minister or to the government, often lose some independence of thought in the process. Therefore many academics maintain some distance vis-à-vis direct political expertise duties. There is also the risk that these experts are selected precisely because they share close political views with the minister or the party.

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 "core" 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 rather broad coalitions (comprised of at least four parties) 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, which scrutinizes technically and politically each proposal before it is debated and prepares the ministers' council agenda, and 14 line ministers and the prime minister, who debate each proposal. 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 either by the prime minister or through manoeuvres by some other coalition parties in the “core”.

Citation:

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

Line Ministries
Score: 10

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Citation:

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

Cabinet
Committees
Score: 10

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

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 play a significant role – in most cases, they are at best informed of ongoing discussions and are simply asked to deliver data and information.

Informal
Coordination
Score: 9

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

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

The previous government managed to impose strong cohesion throughout the decision-making process, despite the presence of strong ideological tensions among the parties in government. The newly appointed government is ideologically more homogeneous especially with regards to socioeconomic policies, and will face strong opposition by left-wing parties. Government discipline is thus likely to be quite high, unless one party in the coalition wants at some point in time to pull the plug and make the government fall in order to call new elections.

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 overall 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 to facilitate the acceptance of policy. This is especially the case for employers' associations and trade unions (the so-called social partners) around socioeconomic issues. Such consultations have also become routinized in other fields, with the creation of specific consultative bodies, for instance the Federal Council for Sustainable Development which also gathers representatives of environmental organizations.

However, on some important matters, consensual policymaking has proven incompatible with welfare-enhancing reforms. 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.

The newly established federal government seems set to follow a different track. One of key parties in the coalition is the New Flemish Alliance (N-VA), whose program contains a strong economic reform agenda. This party is also not favorable to neo-corporatist arrangements and will push for taking up oppositions and impose economic reforms without seeking consensus.

Policy Communication

Coherent
Communication
Score: 5

Most of the time throughout the period under review, the federal government led by Prime Minister Di Rupo managed to maintain coherent communications and avoid ministers sending contradictory signals to the public, even though political parties came from different ideological backgrounds in a broad government coalition. The new federal government (Michel I) faces more difficulties in terms of coherent political communication, given the less-

disciplined profile of the Flemish nationalist party, the New Flemish Alliance (N-VA), which often pursues its own autonomous communication strategy which involves propagating a “media buzz.”

A major weakness of the Belgian political landscape is that politicians compete for votes only within their own (linguistic) community. This means that communication is then geared to address a specific community, depending on the “linguistic identity” of each minister. This may lead to situations in which a certain topic of federal interest is widely debated in one part of the country and widely ignored in the other, or is framed differently depending on the individual (linguistic) communities.

Citation:

<http://www.levif.be/actualite/belgique/michel-ier-risque-fort-de-rester-dans-l-histoire-comme-le-gouvernement-de-la-zizanie/article-opinion-365977.html>

Implementation

Government
Efficiency
Score: 7

In 2011, the government agreement announced five “major works” it had to accomplish. These included:

1. Substantial (worth €17 billion) devolution of policy to the federate entities (regions and communities). This has been completed, but with the proviso that a large share of the deficit reduction that Belgium has to go through has also been devolved.
2. Broader fiscal autonomy for the regions. This has been done largely on paper, but there has been little actual change until now.
3. A reform on the “special laws regulating the financing of the regions and communities” that would improve their efficiency and accountability. This law has been approved and gives a 10-year adaptation period to the regions. The effectiveness of these measures have yet to be tested, and this 10-year period is especially challenging for the less affluent Walloon region, which is still struggling to compensate for the decline of “old” industries.
4. A “rigorous consolidation of the federal government’s finance (worth about €16 billion) to ensure budgetary sustainability and abide by EU demands.” The effort has been substantial even if largely geared toward tax increases. The Belgian public deficit has shrunk noticeably, and now broadly matches the targets imposed by the European Commission. Yet, the newly formed government will still have to make substantial efforts and, being led by a right-wing rather than a left-wing prime minister, will likely shift the emphasis

away from taxes and toward expenditures.

5. Implement “social and economic reforms to address the main challenges of the future, among which population aging.” As discussed in other parts of this report, the government did implement a number of reforms to make early retirement less generous, but did not reform the pension system in such a way that it could be considered sustainable. The same applies to health care.

Besides these 5 “major works,” the government did implement substantial institutional reforms, provided valuable support to enterprises to limit the impact of the economic crisis (but failed to enact structural reforms that would have longer term impact, like substantially reducing red-tape or providing institutional stability regarding the tax system). The government also sought to reform the justice system, improve the national rail system and its management, and create a better and more ambitious Europe, but with limited results at best.

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 much power to exclude ministers from the government. The main architects of government positions are indeed the party presidents who, at the government formation stage, negotiate which portfolios they control, and then nominate their people. The main incentive of any given minister is thus to push his/her own party’s views, rather than the government’s potential view.

That said, this hierarchical structure is actually able to impose strong discipline on each minister when the incentives of party presidents are sufficiently aligned with those of the government. The political situation until October 2014 was that all mainstream parties were in the coalition (the Green parties provided occasional external support for some key reforms, but were not part of the government), with the fear that they may be overwhelmed by the Flemish nationalist/separatist New Flemish Alliance (N-VA), which was the main opposition party. They thus had to prove that they could work things out, and keep the government alive until the end of the legislative term. This provided 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 managed by an administrator affiliated with the Francophone Liberal (right-wing) party, who was replaced in 2010 by the only candidate who passed the selection tests. This person happened to be the former chief of staff of the previous 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. In the last government, both the minister and the general administrator hail from the CD&V, and thus cooperation was made easier. In the new government, the minister is from the N-VA, which took a large share of votes from the CD&V, which means that tensions are likely to arise again.

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 stood among the 25 banks failing the ECB “stress tests” in October 2014. Another example can be found in rail transport and infrastructure. Rampant poor management has led to an increase in the number of accidents and delays to unacceptable levels. A counterexample is state postal services, which have started to earn a profit and

Task Funding
Score: 5

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.

Some core 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 Flemings and Francophones, 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.

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.

National
Standards

Formally the national (federal) government has no authority over regional governments and administrations, but it can impose some standards and

Score: 5

policies. Environmental policies, for instance, 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, who was the President of the European Council; Guy Verhofstadt, leader of the liberal group in the European Parliament; Jean-Pascal 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.

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

Most reforms are the consequence of bargaining between power levels, and an

Reform
Score: 3

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 19 communes and the region also creates overlap and gridlock, in particular for city planning.

Many tasks, such as road construction, 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 that question was not asked in the subsequent surveys, in general data shows Belgians’ trust in political and judicial institutions is either slightly above or close to the European average (their trust in the parliament is above that expressed by the Germans or the French toward their respective legislatures, but below that of the Swiss or Danes, for instance). Time spent listening to or watching political news is slightly 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. Importantly purely populist parties (that is,

counting the N-VA as not being a purely populist party) lost ground in the last election, which contrasts with many other EU countries.

An important question is whether voters are then able to make parties accountable to their actions. A problem is that the proportional election system and the layers of federal, regional, provincial and local governments have typically made this very difficult, in particular during the period under review, since all main parties were in government “somewhere.” The most recent election created a starker outcome, with right-wing parties and the Flemish Christian democrats at the Federal government and at the Flemish government, and the Socialists and Walloon Christian democrats at the Walloon government, and the green parties being in the opposition everywhere. This increased polarization, but should also improve accountability.

Legislative Actors’ Resources

Parliamentary
Resources
Score: 9

Belgium is a parliamentary democracy. During the political crisis of 2010-2011, when the government could not form, the parliament took over policymaking from government without much problem. Thanks to Belgium’s strong party system, information flows well between the government and parliament. As party heads are central figures in any political agreement, they can coordinate action at each level. Individual members of parliament as well as party parliamentary groups are also well-supported by state-funded expert staff and by parliamentary assistants – their overall level of resources is thus high, even if there is often a high level of party discipline in the federal parliament.

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

Obtaining
Documents
Score: 9

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

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

Score: 10

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 the ministry (such as committees on tax reform or railways safety) or instead are meant to be broader when several dimensions are involved (there was 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.

Audit Office
Score: 10

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 (for instance: in 2013, the public transportation firm De Lijn was audited). 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 (6609 complaints and information demands were addressed in 2013, which is lower than 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 whom 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 high-sensation but 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 low information quality.

Also, 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.

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. The French Socialists obtained 13.7% of the vote in 2010. The party's then-leader, Elio Di Rupo, was the prime minister in the period under

review. The Flemish Christian Democrats obtained 10.85% of the vote, and were 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 and Brussels for French parties. Other parties obtaining more than 10% of the vote in their relevant districts were the French Liberals (Reform Movement), Flemish Socialists (Social Progressive Alternative), the Flemish Liberals and Democrats, the Flemish far-right (Vlaams Belang), the French Christian Democrats (Humanist and Democratic Center) and the French Greens (Ecolo).

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 – or, quite frequently, there is only one candidate. But it does happen that some internal elections are highly competitive, and lead to surprising results (among others, the Greens typically have competitive internal elections, and both the Christian democrats and the Liberals have occasionally had tight contests). Overall, the process is thus mostly controlled by intermediate party elites.

Citation:

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

Association
Competence
(Business)
Score: 8

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

Association
Competence
(Others)
Score: 7

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 organizations 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 France or the U.S. 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 protection) that are then able to hire stable staff with policy expertise.

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