GINI COUNTRY REPORT: BELGIUM

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Country Report for Belgium
March, 2013
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Executive Summary

Against the backdrop of growing income inequalities across industrialized countries, Belgium is a remarkable outlier. While breaks in series and different data sources call for a reasonable degree of caution, there is no indication that disposable household income inequalities among the Belgian population have increased substantially over the past thirty years. In this respect Belgium can represent a crucial case for the GINI project: it is one of few countries where the ‘key variable’ remained stable over time.

Turning to the ‘national story of inequality’, stable income inequality may be considered remarkable given the political and economic context. Belgium has experienced a number of major shifts since the early 1980s. Its economy is among the most open and globalized in the world, with economic activity strongly geared towards trade and logistics. Over the last three decades, value added and (to a lesser degree) employment have shifted from manufacturing towards services. From an international perspective, such shifts have often been accompanied by skill-biased technological change and growing wage inequalities.

In terms of politics, the traditional segmentation into ideological pillars has steadily evaporated over the course of the past thirty years. The linguistic fault line, by contrast, has become ever more important. A process of federalization implied that competences have been decentralized towards the communities and regions. Whereas the social security system has largely remained at the federal level, many of the competences that relate to background inequalities (for instance education, public employment services and vocational training) are now organized at regional or community level.

The past thirty years have seen growing disparities between the more prosperous Dutch speaking Flanders in the North and francophone Wallonia in the South. The former consistently outperforms the latter in terms of labour market participation and material living conditions. The officially bilingual Brussels Capital Region plays a remarkable role: as a major centre of economic activity (and commuting), its residential population is relatively vulnerable to unemployment and income poverty. Regional differences in prosperity are mirrored in a range of social outcomes (including housing tenure, victimization, life expectancy). In terms of a number of political variables that have been studied in this report, regional differences appear to be less pronounced. Still, the rise of the extreme right and nationalist vote in the Flemish region is particularly important in this respect.

Very significant immigration over the past thirty years represents an additional source of diversity within the Belgian population. While Belgium is considered one of the most liberal OECD countries in terms of granting nationality to newcomers, it appears that their inclusion in Belgian society has been rather problematic. Being born outside the EU is associated with steep gradients in terms of labour
market participation, material living conditions (i.e., literacy levels at age 15). These differences tend to be much larger in Belgium, compared to other European or OECD countries. Moreover, there is evidence of resilient disadvantage, as native born offspring of migrants have lower literacy levels than the children of native parents, as well as less favourable labour market positions.

A third cross-cutting issue relates to the role of educational attainment. The past decades have seen a major educational expansion in Belgium. This implies that low levels of educational attainment (less than higher secondary education) are mainly concentrated among the older population. Still, a substantial share of the younger generations do not obtain a degree that is broadly considered the minimum required to obtain stable gainful employment. Controlling for age and sex, low educational attainment is associated with many adverse health outcomes. The causality in this case can arguably be considered bi-directional. The chapter on political and cultural impacts has shown that low levels of educational attainment are also linked to lower interest and participation in politics, as well as more anti-democratic views. Taking into consideration the very strong socio-economic reproduction in the educational system, these findings raise concerns for a resilient dualisation between low and high educated.

While these background inequalities are often significantly stronger than in many other EU and OECD countries, Belgium also features a particularly intricate institutional framework. Some of the institutional settings have a direct effect on the impacts studied. For instance, the compulsory vote and the Ghent system play a direct role in promoting political participation and union membership.

In terms of economic inequality, the welfare state is among the largest and most regulated in OECD countries. While wage setting in Belgium follows an international trend of decentralization towards the company level, it remains highly coordinated, with a fairly high minimum wage. The Belgian welfare state ranks among the most redistributive in the European Union and the OECD. The share of taxes in GDP has remained stable, and data suggest that their redistributive impact has proven quite resilient. Moreover, the share of social spending in GDP has remained relatively stable over time. Below this stability, however, a few shifts are occurring, with social services (child care, education, health spending) taking up a larger share, while cash spending is waning. Some would argue that precisely such a shift is needed to directly address the background inequalities that cash transfers remediate ex post. Still, others would warn against overly optimistic assumptions in this respect, particularly given the Matthew effects that are currently observed in take-up of tertiary education and childcare. More broadly, it seems safe to assume that the future prospects of Belgium will rely to a large extent on the relative strengths of its two most salient features, namely strong background inequalities and an intricate institutional framework and large welfare state.
Chapter 1: Introduction

1.1. A single report on Belgium?

This country report presents evidence on socio-economic inequalities and their social, political cultural impacts in Belgium from the early 1980s to the late 2000s, with particular attention to the role of policies. Before doing so, like any report on Belgium, it inevitably needs to address a fundamental question: to what extent is it still adequate to consider the country as an entity? Since the 1970s, the Kingdom of Belgium has engaged in a process of centrifugal federalism, shifting ever more competences from the central government to the regions and communities. The process is punctuated by recurrent political crises. The tensions are reflected in academic work, with titles that explicitly evoke the disintegration of the country: ‘Does Belgium (still) exist?’ (Billiet, Maddens et al. 2006) or ‘Towards the Breakdown of a Nation-State in the Heart of Europe?’ (De Winter and Baudewyns 2009).

A particularly tense episode occurred between 2007 and 2011. After a period of governmental instability, the federal elections of June 13, 2010 resulted in a deadlock. Political parties on either side of the language border were unable to reconcile their differences on state reform. The formation of the federal government lasted 541 days, well beyond previous records set in Iraq (289 days in 2010) and Cambodia (353 days in 2003-4). Eventually, a coalition of parties reached an agreement on state reform and a federal government was sworn in December 2011. Crucially, from a socio-economic perspective, the social security system has been maintained largely at the national level (Palsterman 2012). The secession of the Dutch-speaking Flemish region (announced in 2006 during an elaborate hoax by francophone public television channel RTBF) remains fiction for now. Opinion polls suggest that there is only marginal support for such a unilateral move (Billiet, Maddens et al. 2006; Swyngedouw and Rink 2008). Moreover, it has been argued that Europeanization acts as a stabilizing factor, promoting cooperation between the devolved entities and preventing the disappearance of the federal level (Beyers and Bursens 2006).

More fundamentally, the scope of this country report is on inequalities and their impacts over the longer-term, namely from the early 1980s until most recent times. The country report will present evidence on Belgium as an entity, taking due consideration of developments at the sub-national level. The report is structured as follows: The introduction briefly outlines the main developments over the previous thirty years in the economic and political context of the country. Chapter 2 considers the developments in socio-economic inequalities, with particular attention to drivers of inequality. Chapter 3 analyzes the social impacts of inequalities, assessing to what extent they are
associated with a number of undesirable social outcomes. The link between inequality and social impacts is established over time (do inequalities and their impacts evolve in step) and in terms of stratification (are the social impacts concentrated among the most vulnerable groups?) Chapter 4 considers the political and cultural impacts of economic inequality, with a focus on political participation, institutional trust, legitimacy, and political values. The chapter applies a strategy similar to the one pursued in chapter 3, considering both developments over time and stratification. Chapter 5 reviews the main developments with regard to policy intended to mitigate inequalities, with a focus on their capacity to redistribute resources and guarantee a minimum income.

1.2. Economic context

Belgium is a small but prosperous European country, with an open economy and a large welfare state. In many respects, it is a prime example of an ‘open economy with a big government’, as described in the seminal article by Dani Rodrik (1998). According to several sources, Belgium ranks among the most globalized countries in the world. With a relatively small surface area (30.582 square km) and few natural resources (its last coal mine closed in 1992), the country holds a strategic geographical location on the Western border of the European continent. Logistics and trade (particularly from and to the EU) play a major role in economic activity. Raw materials and equipment are among the main imports, while the country exports petrochemical and pharmaceutical products, machines and appliances, transport equipment, metals and plastics. The service sector is also very international in outlook. The presence of a number of international political institutions is an important factor in this respect: The EU Commission and Council of Ministers have their headquarters in Brussels, as does NATO.

Over the course of previous decades, the Belgian economy has performed a major structural shift, from manufacturing to services. Between 1980 and 2009, the share of the small agricultural sector has dwindled, both in terms of value added to the economy and employment. The share of industry (including energy and construction) declined markedly, with value added decreasing and employment both decreasing from approximately one third to one fifth. By 2009, services represent almost four fifths of the economy in terms of value added and employment. The growing share of finance, insurance, real estate and business services is remarkable, both in terms of employment and added value. Community, social and personal services kept a relatively stable share in value added.

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1 In the KOF 2011 Globalization index, Belgium ranks first out of 208 countries. It is in fifth position for economic globalization, third both for social and for political globalization. In the Ernst & Young Index, Belgium ranks fourth out of 60, behind Hong Kong, Ireland and Singapore.
but a growing share in employment. The post-industrial transition has wide-ranging implications, not least in terms of income protection for adults with obsolete skills (Marx 2007).

### Table 1.1: Sector shares of value added and employment, Belgium, 1980 and 2009

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.3</td>
<td>0.7</td>
<td>3.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Industry</td>
<td>36</td>
<td>22</td>
<td>33</td>
<td>20</td>
</tr>
<tr>
<td>Services</td>
<td>62</td>
<td>78</td>
<td>64</td>
<td>79</td>
</tr>
<tr>
<td>Finance, insurance, business services</td>
<td>17</td>
<td>31</td>
<td>10</td>
<td>21</td>
</tr>
<tr>
<td>Community, social, personal services</td>
<td>23</td>
<td>25</td>
<td>27</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: OECD STAN database for structural analysis

From a European perspective, the Belgian GDP per capita is relatively high, namely 119 percent of the EU27 average in 2011 (based on purchasing power parities). This is similar to largest neighbouring country Germany (121 percent), less than the Netherlands (131 percent), but higher than France (108 percent). The Belgian employment rate, by contrast, is fairly low by international standards (61.9 percent of the population aged 15 to 64 in 2011, compared to 65.5 in EU15 and 64.3 in EU27). Jointly, high GDP and low employment participation suggest high labour productivity. Indeed, in terms of output per worker, Belgium ranks third in the EU, behind Luxembourg and Ireland.

#### 1.3. Political context

To accommodate its internal linguistic and cultural diversity, Belgium has developed an intricate system of consultation and multi-level governance. From 1970, the country gradually transformed from a unitary to a federal state, devolving ever more competences to sub-federal entities. The reforms granted more political autonomy to the regions and communities, to meet a demand mainly by the Dutch-speaking Flemish in the North of the country. Since social security and taxes remained at the federal level, most elements of interpersonal economic solidarity with French speakers in Wallonia and the (officially bilingual) Brussels Capital Region were maintained. In a complex system of multi-level political governance, interest organizations such as trade unions and employers’ organization continue to play an important role.

---

Belgium’s linguistic divide had always been present as a source of potential conflict, predating the Belgian Revolution of 1830. For many decades, the linguistic division was counteracted by both a socio-economic divide (employers versus employees; labour versus capital) and a religious divide (Catholic church versus secularism). This diversity was dealt with through ‘segmented pluralism’. From the late 19th century onward, society was organized in distinct ideological spheres or ‘pillars’ (a Catholic; a socialist and a smaller liberal pillar). As decentralized networks of service organizations, the pillars catered their rank and file ‘from the cradle to the grave’. Each pillar had its distinct schools and universities, newspapers, women’s organizations, trade unions, hospitals, clubs and pubs. Moreover, pillars straddled the linguistic frontier, thereby counteracting antagonism between language groups to some extent (and vice versa).

For all their ideological and linguistic differences, Belgian political elites traditionally showed a strong commitment to the unity of the country and its ‘consensus’ or ‘pacification’ model. The leaders of political parties and interest groups concluded pacts with other factions, ensuring their subsequent implementation by the rank and file. In a context of strong economic growth (1950-1972), and with a relatively large share of the economic production nationalized, public goods and benefits were first shared between, then distributed within these different interest groups.

![Total government debt as % of GDP](image)

Source: OECD Stat

From the mid-1970s onwards, a slowdown in economic growth curtailed public spending as a lubricant for the political machinery. Initially, over the course of the 1970s and 1980s, the country responded by accumulating a sizeable public debt. From the mid-1990s, however, the Maastricht criteria for entry into the European single currency entailed a turn towards budgetary austerity and balanced budgets.
A number of related evolutions posed challenges to the traditional consensus model. First, there was an ongoing process of de-pillarization. Citizens crossed ideological lines and acquired services from new, ideologically neutral service providers that had entered the market. A number of new political parties emerged (ecological parties, Flemish nationalists), which did not correspond to the traditional fault lines. From the late 1970s, the formerly unitary political parties were split in separate French and Dutch speaking entities.

Moreover, the linguistic fault line progressively came to overlap with differentials in socio-economic performance. Traditionally, French-speaking industrialists had constituted the elite of the country, with a mainly agricultural Dutch-speaking North. The post-industrial transition, however, left its deepest scars in the South of the country, with economic performance and unemployment rates diverging. Over time, these gave rise to sizeable income transfers from North to South (cf. Table 1.2), which in became a source of distributional conflict.

Through a series of state reforms starting in the 1970s, Belgium progressively devolved competencies to the federal entities. Three cultural communities (Flemish, French, German) acquired legislative competencies relating to ‘person related’ matters such as education, culture, media, sports or linguistic matters. The three ‘regions’ constitute a distinct (albeit related) governance level. The Flemish Region, the Walloon Region and the Brussels Capital Region are competent for territorial matters such as agriculture, public works and certain elements of employment and economic policy. Through a complex set of institutional arrangements, language groups can prevent others from taking decisions that they consider detrimental for their own interests, or at least stall these developments.

Up to this day, a large number of competences that are particularly important for economic inequality remain at the federal level. Social security and pensions, as well as the bulk of taxes remain federal. The most recent reform agreement in late 2011 (after a bitter political battle that lasted over 500 days) preserves most elements of interpersonal solidarity over the medium term, while progressively introducing financial penalties for underperforming regions (Palsterman 2012).

Within this intricate system of multi-level political governance, interest groups such as trade unions and employers’ organizations are firmly embedded in the institutional framework and wield significant influence. Commentators have argued that the organizational complexity and large number of ‘veto players’ (Tsebelis 1995) are largely responsible for both the unity and stability of the country, as well as for its status of ‘late adopter’ and ‘frozen welfare state’ (Kuipers 2006; Anderson, Kuipers et al. 2007; Hemerijck and Marx 2010).
1.4. Regional disparities

Belgium comprises three major regions, with very different socio-demographic profiles. The (currently) most prosperous Flemish region in the north of the country represents approximately 58 percent of the total Belgian population of 10,840 million (2010). The Walloon region in the south is home to 32 percent of the population, including a relatively small German-speaking Community (population of approx 75,000). Wallonia was traditionally a hub of manufacturing production, but has faced major difficulties in post-industrial transition. The Brussels Capital Region is a major centre of economic activity in services, but its resident population (10 percent of the Belgian population) is on average relatively poor and economically vulnerable. The disparities in income correspond to differences in labour market performance.

The differentials in socio-economic performance are mitigated to some extent by interregional income transfers through the social security system (Cantillon, De Maesschalck et al. 2006). Active age benefit receipt (mainly unemployment benefits) is much higher in Brussels and the Walloon region than in the Flemish region. The gap in this respect has widened significantly between the mid-1980s and mid-2000s. On the other hand, the Flemish population is ageing much faster than the Walloon and particularly the Brussels population. As a result the dynamic of active age transfers is offset partly (if far from completely) by old age benefits (pensions and early retirement) (Cantillon and De Maesschalck 2008). Moreover, it should be noted that within each of the regions, there is substantial diversity in terms of benefit receipt (Cantillon, De Blust et al. 2010).

Table 1.2. Socio-economic profile of the Belgian regions, late 2000s

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Flemish region</th>
<th>Walloon Region</th>
<th>Brussels Capital Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP/cap (2009)</td>
<td>100</td>
<td>100</td>
<td>73</td>
<td>190</td>
</tr>
<tr>
<td>Household disposable income/cap (2009)</td>
<td>100</td>
<td>106</td>
<td>91</td>
<td>95</td>
</tr>
<tr>
<td>Employment rate pop 15-64 (2010)</td>
<td>62,0</td>
<td>66,3</td>
<td>56,7</td>
<td>54,8</td>
</tr>
<tr>
<td>Unemployment rate 15+ (2010)</td>
<td>8,3</td>
<td>5,1</td>
<td>11,4</td>
<td>17,3</td>
</tr>
</tbody>
</table>

Source: Eurostat
Table 1.3. Regional differences in benefit receipt, Belgium 1985-2008

<table>
<thead>
<tr>
<th></th>
<th>Flemish region</th>
<th>Walloon region</th>
<th>Brussels Capital Region</th>
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<tbody>
<tr>
<td>Unemployment + early retirement 1985</td>
<td>7</td>
<td>9</td>
<td>:</td>
</tr>
<tr>
<td>Unemployment + early retirement 2008</td>
<td>8</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Sickness and invalidity 1985</td>
<td>2</td>
<td>3</td>
<td>:</td>
</tr>
<tr>
<td>Sickness and invalidity 2008</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Pensions 1985</td>
<td>11</td>
<td>13</td>
<td>:</td>
</tr>
<tr>
<td>Pensions 2008</td>
<td>18</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Total 1985</td>
<td>19</td>
<td>24</td>
<td>:</td>
</tr>
<tr>
<td>Total 2008</td>
<td>30</td>
<td>32</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: (Cantillon and De Maesschalck 2008) (Cantillon, De Blust et al. 2010)

1.5. Immigration

Beyond the traditional linguistic tensions, it is important to note an additional source of diversity in Belgium: migration. Since the Second World War, net migration in Belgium has been positive in all but a few years. In the early 1960s, amid labour shortage in mining and manufacturing, the country signed a number of bilateral migration agreements, first with Southern European countries (Greece and Spain), later complemented by Turkey and Morocco. Even if the debate was framed in terms of 'guest workers', the policy explicitly encouraged workers to transfer their nuclear families to Belgium. Following the oil crisis of 1974, immigration policy became more restrictive, but family reunification and EU enlargement remained important drivers of immigration (CGKR / CECR 2009).

Since 1980, there has been a clear upward trend in immigration. In 2009, 140.000 individuals entered the country. The majority of immigrants (63 percent in 2009) originate from EU countries, with a strong increase of Central and Eastern European countries since the mid 2000s (from 7 percent of immigrants in 2003 to 19 percent in 2009). For migrants from non-EU countries, Africa remains the main continent of origin, with Morocco as main country in the North and the Democratic Republic of Congo in Sub-Saharan Africa. In addition, there is an important flux of immigration from Turkey, linked to family reunification (CGKR / CECR 2011).

In terms of nationality, it should be noted that the criteria for obtaining Belgian nationality have been made more lenient from 1984, to what the OECD considers one of the most liberal naturalization provisions among industrialized nations(OECD 2008). This resulted in a fairly large share of foreign-born immigrants obtaining the Belgian nationality. As of 2010, 83 percent of the Belgian population had been born into Belgian nationality. Eight percent were foreign-born, but having obtained Belgian
citizenship. The remaining ten percent were foreign born, with a foreign nationality. There is a striking pattern in this respect: The foreign-born third country nationals tend to adopt Belgian nationality, whereas non-nationals born in EU countries tend to keep the nationality of their country origin (CGKR / CECR 2011). There are regional differences in immigration. The Brussels Capital Region is home to approximately half of all non-EU immigrants (both those that acquired Belgian nationality and those that did not). Immigrants that were born in other EU countries are particularly overrepresented in the Walloon Region and the Brussels Region. Immigrants from both EU and third countries are underrepresented in the Flemish region (Corluy and Verbist 2010). Over previous decades, inequalities between nationals, foreigners and migrants have played an important role in discussions concerning inequality and welfare. Migration and differentials according to country of birth will therefore feature throughout this report.
Chapter 2: The Nature Of Inequality And Its Development Over Time

2.1. Has inequality grown?

The trend towards rising income inequalities in OECD countries over previous decades is well-documented (Brandolini and Smeeding 2006; OECD 2008; OECD 2011). Remarkably, Belgium is mentioned in the OECD reports as one of few exceptions: between the mid-1980s and the late 2000s, income inequality in Belgium remained stable. This chapter analyzes the development of income inequality in further detail, identifying its main drivers and linking it to other inequalities.

2.1.1. Household income inequality

Overall, data from a collection of income surveys suggest that income inequality in Belgium remained fairly stable over the previous thirty years (Horemans, Pintelon et al. 2011). The data presented in this section are based on three distinct surveys (See annex). These three surveys apply different designs and income measurements methods. Therefore, trends over time should be interpreted with caution. This section consider evolutions within each of the surveys, but given the methodological breaks, not across surveys.

Within each of the surveys, average (equivalised) disposable income increases in real terms, suggesting a rising living standard over time. Periods of particularly strong income growth can be identified (1988 to 1992), as well as episodes of economic difficulty (the crisis of the late 2000s). The SEP data suggest a relatively minor increase of inequality between 1992 and 1997, which is caused by a stagnation of incomes in the bottom of the distribution (Cantillon 1999). Between the mid-1990s and 2000, the indicators for ECHP fluctuate, with no clear pattern in either direction. The EU-SILC data suggest stable inequality between 2003 and 2009.

---

3 Income inequality, measured by the gini-coefficient of equivalised disposable household income, also remained stable in Hungary and France. Greece and Turkey experienced a decrease, albeit from much higher level.
### Table 2.1. Equivalent income and inequality, Belgium 1985-2009

<table>
<thead>
<tr>
<th></th>
<th>Average income</th>
<th>Gini</th>
<th>Theil</th>
<th>P90/P50</th>
<th>P50/P10</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEP</strong>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>14944</td>
<td>0.220</td>
<td>0.081</td>
<td>1.616</td>
<td>1.647</td>
<td>18261</td>
</tr>
<tr>
<td>1988</td>
<td>15593</td>
<td>0.224</td>
<td>0.088</td>
<td>1.627</td>
<td>1.636</td>
<td>11069</td>
</tr>
<tr>
<td>1992</td>
<td>17154</td>
<td>0.223</td>
<td>0.084</td>
<td>1.632</td>
<td>1.654</td>
<td>10697</td>
</tr>
<tr>
<td>1997</td>
<td>17862</td>
<td>0.233</td>
<td>0.092</td>
<td>1.679</td>
<td>1.715</td>
<td>12184</td>
</tr>
<tr>
<td><strong>ECHP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>19926</td>
<td>0.281</td>
<td>0.138</td>
<td>1.781</td>
<td>1.939</td>
<td>8894</td>
</tr>
<tr>
<td>1994</td>
<td>19853</td>
<td>0.272</td>
<td>0.13</td>
<td>1.736</td>
<td>1.914</td>
<td>8616</td>
</tr>
<tr>
<td>1995</td>
<td>19765</td>
<td>0.262</td>
<td>0.122</td>
<td>1.71</td>
<td>1.88</td>
<td>8225</td>
</tr>
<tr>
<td>1996</td>
<td>19960</td>
<td>0.268</td>
<td>0.127</td>
<td>1.731</td>
<td>1.849</td>
<td>7743</td>
</tr>
<tr>
<td>1997</td>
<td>20180</td>
<td>0.265</td>
<td>0.122</td>
<td>1.773</td>
<td>1.825</td>
<td>7276</td>
</tr>
<tr>
<td>1998</td>
<td>20665</td>
<td>0.273</td>
<td>0.141</td>
<td>1.693</td>
<td>1.786</td>
<td>6834</td>
</tr>
<tr>
<td>1999</td>
<td>21160</td>
<td>0.271</td>
<td>0.136</td>
<td>1.748</td>
<td>1.778</td>
<td>6455</td>
</tr>
<tr>
<td>2000</td>
<td>21368</td>
<td>0.259</td>
<td>0.12</td>
<td>1.77</td>
<td>1.766</td>
<td>5829</td>
</tr>
<tr>
<td><strong>EU-SILC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>16968</td>
<td>0.255</td>
<td>0.109</td>
<td>1.705</td>
<td>1.897</td>
<td>12781</td>
</tr>
<tr>
<td>2004</td>
<td>18021</td>
<td>0.255</td>
<td>0.111</td>
<td>1.676</td>
<td>1.845</td>
<td>12657</td>
</tr>
<tr>
<td>2005</td>
<td>18887</td>
<td>0.259</td>
<td>0.116</td>
<td>1.720</td>
<td>1.869</td>
<td>14169</td>
</tr>
<tr>
<td>2006</td>
<td>19206</td>
<td>0.257</td>
<td>0.115</td>
<td>1.695</td>
<td>1.872</td>
<td>15322</td>
</tr>
<tr>
<td>2007</td>
<td>19795</td>
<td>0.258</td>
<td>0.116</td>
<td>1.689</td>
<td>1.856</td>
<td>14911</td>
</tr>
<tr>
<td>2008</td>
<td>21042</td>
<td>0.252</td>
<td>0.109</td>
<td>1.681</td>
<td>1.843</td>
<td>14579</td>
</tr>
<tr>
<td>2009</td>
<td>21274</td>
<td>0.257</td>
<td>0.112</td>
<td>1.708</td>
<td>1.856</td>
<td>14621</td>
</tr>
</tbody>
</table>

Note: Amounts in 2009 prices (euro);
Source:(Horemans, Pintelon et al. 2011), updated to 2009
* Average income based on monthly income converted to annual income

When discussing income inequality, there is a concern that certain groups of the population have an income so low as to prevent them from participating in social life. The at-risk-of-poverty threshold is set at 60 percent of the median equivalised disposable household income. For a single person in income year 2009, the threshold amounted to 11,678 euro per year.

Successive income surveys (Figure 2.2) suggest that poverty risk in Belgium has remained fairly stable between the middle of the 1980s and late 2000s. Once more evolutions should be monitored within each of the data sources, without making comparisons across series. Within sources, then, SEP records a minor increase between 1988 and 1997. The decrease in the ECHP series might be linked to attrition of the panel. Within EU-SILC waves, there is stability of poverty risk.
Figure 2.1. Evolution of the Gini-coefficient based on equivalent income (with 95% confidence interval), Belgium, 1985-2009

Source: (Horemans, Pintelon et al. 2011), updated to 2009.

Patterns and trends in indicators of poverty risk and “vulnerability”

Figure 2.2. Evolution of at-risk-of-poverty rate (with 95%-confidence interval), Belgium, 1985-2009


As of 2009, approximately one out of seven inhabitants of Belgium are considered at-risk-of-poverty. Poverty risk is concentrated among certain groups of the population\(^4\). Women tend to be at higher

\(^4\) Please refer to annex 2 for a table presenting the structure of the population by age, sex, educational attainment, main activity status over the course of the year and country of birth.
risk of poverty than men\(^5\). In terms of age, there is a U shaped pattern, with lower poverty risk among the working age population compared to children, the young and the elderly.

For persons aged 18 or over, there are steep gradients with regard to educational attainment, main activity status and country of birth. The poverty risk is particularly high for individuals that have not obtained a diploma of higher secondary education. Moreover, there is evidence that the low educated have become increasingly vulnerable since the mid-1980s (Van den Bosch, Vandenbroucke et al. 2009). This also applies to the unemployed, whose share in the population diminished, but poverty risk increased. While migrants from other EU27 countries have a fairly higher risk compared to natives, nearly two out of five adults that were born outside the EU27 face a monetary poverty risk. Corluy and Verbist (2010) state that ‘non-EU immigrants are overrepresented among the poor in Belgium. Considerably more so, in fact, than in other countries’.

**Figure 2.3. At-risk-of-poverty rate by sex, age group, household type, 2009**

![Graph](image)

Source: Eurostat, based on EU-SILC 2010

Given the regional differences in living standards, it is not surprising that regional gradients apply to poverty risk (measured by a single national poverty threshold). The poverty risk for residents of Flanders (10.4 percent) is substantially lower than in the Walloon Region (17.7 percent). The sample size for the Brussels Capital region is too small to allow reliable point estimates, but the data suggest

\(^5\) Note that in the equivalized income concept, there is an assumption of equal sharing of income between household members. As a result, men and women living in one household share the same poverty risk status; as do cohabiting adults and children. To the extent that resources are not equally shared in households, this may represent a bias.
that poverty risk in the capital region is higher than in Wallonia. In terms of dynamics, it is important to note the changing generational balance over recent years, with poverty risks decreasing for the elderly (from 23.2 percent in 2005 to 19.4 in 2009) but increasing for children (from 15.3 to 18.3 percent). This increase among children is concentrated in the Walloon region (and Brussels), as the poverty rate for Flemish children remained stable (Vandenbroucke 2012).

Figure 2.4. At-risk of poverty rate among adults (aged 18+), by educational attainment, main activity status, country of birth (2009)

Finally, it should be noted that low income is in most cases not just a transient phenomenon. Longitudinal data suggest that a relatively large share face persistent income poverty. In 2009, nearly two thirds of the income poor (9.3 percent out of 14.6 percent) were not only at risk in the current year but had been so during at least 2 out of the preceding 3 years.

2.1.2. Wealth inequality

Wealth can act as a functional equivalent to income in terms of procuring goods and services. However, data availability for wealth is often problematic, as is the case in Belgium, where information is scarce and outdated.

For the mid-1990 and mid-1980s, Rademaekers and Vuchelen (1999)) estimated Belgian wealth inequality based on a variety of sources (fiscal data, budget surveys). Their concept of wealth comprises financial assets, real estate (both professional and private), movable material property (both professional and private) minus debt (including mortgage debt). The authors find that in 1994, the tenth decile (10 percent Belgians with highest wealth) accounted for nearly half of total wealth.
(49.6 percent), whereas the first decile possessed merely 1.0 percent. This implies that wealth inequality in Belgium is much larger than income inequality. Moreover, a comparison with 1984 suggests that the wealth distribution had become more unequal over time.

(Keating, O'Sullivan et al. 2011) provide data and estimates on Global Wealth, including estimates for Belgium. Wealth is defined as the marketable value of financial assets plus non-financial assets (principally housing and land) less debts. The data quality for Belgium is deemed ‘satisfactory’ by the authors. With a gini-coefficient of net worth for adults of 0.663 Belgium is a relatively low inequality country, compared to the European\(^6\) average (0.829), and compared to neighbouring countries France (0.754), Germany (0.750) and the Netherlands (0.812). Luxembourg’s gini is somewhat lower than Belgium’s at 0.629. According to the estimates, the top decile holds approximately 62% of total wealth. While this is higher than the estimates provided by Rademaekers and Vuchelen, these results are most likely not directly comparable.

Belgium can be considered a country where the ratio of wealth to disposable income is high: over the period 2000-2008, net worth equals 7.82 times disposable income. Among a group of high income countries, this is well above the average (6.35) and second only to the UK (7.9).

Van den Bosch (1998) focuses on the assets of individuals that are income-poor (identified using a threshold at 50 percent of average equivalent income; and the subjective CSB line). He finds that on average, total gross wealth of the income poor is about half that of the non-poor. Based on the 1992 SEP data, wealth is shown to be very unequally distributed among persons at-risk-of-poverty, the elderly poor in particular. For the latter category, housing ownership plays a vital role.

With regard to debt and credit, Carpentier and Van den Bosch (2008) find that over half of the Belgian population (53 percent) has a loan, either mortgage or consumer credit (data EU-SILC 2004). The majority of creditors have a mortgage without consumer credit. Users of consumer credit represent approximately one quarter of the Belgian population, split more or less evenly between those with and without a mortgage.

\(^6\) A broad conception of Europe, not only including the European Union but also the Russian Federation among others.
Table 2.2. Share of the population in a household with consumer credit and/or mortgage, 2003

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Neither mortgage, nor consumer credit (1)</td>
<td>47.0%</td>
</tr>
<tr>
<td>Mortgage, but no consumer credit</td>
<td>28.4%</td>
</tr>
<tr>
<td>Consumer credit, but no mortgage</td>
<td>13.1%</td>
</tr>
<tr>
<td>Both mortgage and consumer credit</td>
<td>11.5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) or a loan for renovation

Source: Carpentier and Van den Bosch (2008), based on EU-SILC 2004

Noting that consumer credit by itself can hardly be considered an indicator of ‘problematic’ credit, the authors establish a link with the income data. They identify two situations as problematic credit: First, households whose income falls below the 60 percent of median threshold after payment of consumer credit. These represent approximately 2.4 percent of the population. Second, households where the income is already below the poverty threshold, but where the poverty gap widens as a result of payment of consumer credit (2.6 percent).

Arrears for electricity, water or gas bills, for healthcare, rent or mortgages are a second indicator for problematic debt. The share of the population that has had at least two arrears over the course of one year is considered as ‘problematic arrears’ and represents approximately 6% of the population. There is relatively little overlap, as only 1.4 percent of the population combine problematic credit and problematic arrears. Some 4.5 percent have problematic arrears but no problematic consumer debt. A further 3.7 percent have problematic consumer debt, but no problematic arrears.

In general, the risk groups for problematic credit are similar to those of overall risk of poverty: single parent families or large families (3 children or more), households with low work intensity and tenants. Nonetheless, there are some notable differences: the elderly population has a relatively high income poverty risk, but little problematic debt. The data on problematic debt suggest that families with children are more precarious than the conventional at-risk-of-poverty indicator would imply.

**Consumption inequality**

A further measure of inequality in economic well-being is consumption inequality. For Belgium, however, no such data are readily reported. Data on the structure of consumption by income quintile reveal a familiar pattern: lower income groups spend a larger share of their budget on food and non-alcoholic beverages (Engel’s law). The gradient with regard to housing, water, electricity gas and other fuels is steep.
Table 2.3. Structure of consumption expenditure by income quintile (COICOP level 2) (percent), Belgium, 2005

<table>
<thead>
<tr>
<th>Category</th>
<th>Quintile 1</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and non-alcoholic beverages</td>
<td>16,1</td>
<td>15,0</td>
<td>14,3</td>
<td>13,4</td>
<td>10,8</td>
</tr>
<tr>
<td>Alcoholic beverages, tobacco and narcotics</td>
<td>2,8</td>
<td>2,2</td>
<td>2,2</td>
<td>2,3</td>
<td>2</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>3,7</td>
<td>4,2</td>
<td>4,3</td>
<td>5,1</td>
<td>5,5</td>
</tr>
<tr>
<td>Housing, water, electricity, gas and other fuels</td>
<td>32,6</td>
<td>29,1</td>
<td>25,7</td>
<td>24,4</td>
<td>20,3</td>
</tr>
<tr>
<td>Furnishings, household equipment and routine maintenance of the house</td>
<td>4,1</td>
<td>4,5</td>
<td>5,5</td>
<td>5,9</td>
<td>6,7</td>
</tr>
<tr>
<td>Health</td>
<td>5,8</td>
<td>6</td>
<td>5,1</td>
<td>4</td>
<td>3,6</td>
</tr>
<tr>
<td>Transport</td>
<td>9,8</td>
<td>11,1</td>
<td>11,3</td>
<td>12,3</td>
<td>16,8</td>
</tr>
<tr>
<td>Communications</td>
<td>3,2</td>
<td>3,2</td>
<td>3</td>
<td>2,9</td>
<td>2,6</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>7,3</td>
<td>8,8</td>
<td>9,3</td>
<td>10,3</td>
<td>10,5</td>
</tr>
<tr>
<td>Education</td>
<td>0,3</td>
<td>0,4</td>
<td>0,7</td>
<td>0,5</td>
<td>0,4</td>
</tr>
<tr>
<td>Restaurants and hotels</td>
<td>4,1</td>
<td>5,2</td>
<td>5,5</td>
<td>7,2</td>
<td>7,8</td>
</tr>
<tr>
<td>Miscellaneous goods and services</td>
<td>10,2</td>
<td>10,3</td>
<td>13</td>
<td>11,7</td>
<td>12,9</td>
</tr>
</tbody>
</table>

Source: Eurostat, based on household budget surveys

2.1.3. Labour market inequality

Over the previous three decades, labour force participation in Belgium has increased substantially. In 1983, some 60 percent of the population aged 15 to 64 was on the labour market (i.e. either in employment or unemployed). By 2010, this had increased to 67,7 percent. Still, by European and OECD standards, participation in Belgium remains relatively low (72,4 percent for EU15 and 71,0 for EU27 in 2008). The regional differences in labour market performance in Belgium are well-known. The gap in activity rates, however, remains relatively modest (69,9 percent in the Flemish region in 2010, compared to 66,3 the Brussels Capital Region and 64,3 percent in the Walloon Region). Regional differences are mainly situated in employment and unemployment rates.

Employment rates in Belgium have increased since the 1980s (see Figure 2.5), particularly among women. Employment in Belgium is strongly concentrated in active age, with low employment rates among young and particularly among older workers. There are substantial regional differences in employment: the Flemish Region had an employment rate of 66,3 percent in 2010, compared to 54,8 in Brussels and 56,7 in Wallonia. Moreover, there are steep gradients according to educational level: over eighty percent of the higher educated are in employment. This is in stark contrast with individuals that did not obtain higher secondary education, of whom less than two fifths perform paid work. Migrants from EU27 countries have an employment rate that is very similar to that of natives. By contrast, migrants born in third countries are far less likely to have a job than the natives. (Figure 2.6) Indeed, comparisons among EU27 countries indicate that the employment rate of non-EU immigrants is very large in Belgium. International reports furthermore confirm that the labour
market integration of established non-EU immigrants is worrisome in Belgium (particularly for women). The picture is more favourable for recent arrivals, partly because these cohorts of immigrants tend to be more highly educated (OECD 2008). While there is some overlap between the low educated and non EU immigrants, multivariate analyses indicate that a sizeable share of the employment gap cannot be explained by the socio-demographic profile (gender, age, marital status, education, number of children and region of residence), and may be linked to migrant-specific aspects, institutional variables or labour demand (Corluy and Verbist 2010; Corluy, Marx et al. 2011).

Figure 2.5. Employment rates by age category and sex, 1983-2011

Since 1980, unemployment in Belgium, through all its fluctuations, has decreased, to a level comparable to the EU27 average. Unemployment risk is particularly high for persons with low educational attainment and for those born outside the EU. (Figure 2.8). The headline rate for Belgium hides substantial regional differences (5.1 percent for Flanders in 2010, compared to 11.4 in Wallonia and 17.3 in Brussels). Long-term unemployment remains persistently high throughout peaks and troughs, with typically about half of all unemployed in Belgium having been so for 12 months or more.
Figure 2.6. Employment rates for population aged 15-64 by educational attainment and country of birth, 2010

Source: Eurostat, based on Labour Force Survey

Figure 2.7. Unemployment by sex and age category, 1983-2011
Figure 2.8. Unemployment rate by educational attainment and country of birth, 2010

Source: Eurostat, based on Labour Force Survey

Non-standard employment

Part-time work as a share of all employment has risen substantially and steadily in Belgium, from less than one out of ten workers in the early 1980s to nearly one out of four in the late 2000s. Women are clearly overrepresented among the part-time workers (43 percent of working women in 2011, compared to 9.2 percent of working men). Over time, men have caught up, as male part-time work was virtually inexistent in the early 1980s. The development of part-time work has been broadly similar across regions, with a slight role reversal. In 1983, Flanders had the lowest share of part-time workers (7.4 percent), Brussels the highest (9.3 percent). By 2011, Flanders has the largest share (25.5 percent) and Brussels the lowest (21.9 percent).

The proliferation of part-time work in Belgium has not been associated with a rise in involuntary part-time work, rather to the contrary. There is a steady decline in the share of part-time workers that would prefer but cannot find full-time work, from approximately one third in the mid-1980s to 15 percent in 2006 and 10 percent in 2010 (Eurostat). Regional differences are substantial, however:

---

Adopting different definitions leads to slightly different results in the incidence and development of part-time employment. Both OECD and Eurostat figures are based on the Labour Force Survey, but apply different definitions. In OECD figures, the cut-off point between full- and part-time work is fixed in terms of hours (30 to 35). The Eurostat measure is based on self-reported full-time/part-time distinction. For Belgium, the Eurostat data indicate a higher incidence of part-time employment and a more pronounced increase since 1995, compared to OECD. Indeed, a fairly large share of part-timers work relatively long hours (e.g., 30 hours, out of a full-time work week of 38 hours). (by Jeroen Horemans)
in Flanders in 2010, only 7 percent of part-time workers were involuntary, compared to 18 percent in the Walloon region and 29 percent in Brussels. (FOD Arbeid)

Figure 2.9. Part-time employment as share of total employment, Belgium, 1983-2011

Similarly to most European countries, the share of employees with a temporary contract in Belgium is now higher than in the early 1980s. There has been some degree of fluctuation over time, but the share of temporary employment remains relatively low compared to the European average (8.9 percent in Belgium in 2011, as opposed to 14 percent for the EU27). Women are overrepresented among temporary employees, but over time their rates have converged with those of men have (from 2.5 times the men’s rate in the mid 1980s to 1.5 times in the late 2000s).

There has been substantial divergence between the regions. In 1983, all three had very similar rates of temporary employment: 5.2 percent in Brussels, 5.3 percent in Flanders, 5.6 percent in the Walloon region. By 2011, there are large differences: from 7.5 percent in Flanders, to 10.1 percent in Wallonia and 14.2 percent in Brussels. This divergence occurred mainly since the early 2000s.

The continued distinction between white collar and blue collar workers in terms of labour law is a notable national specificity. One of the major differences refers to notice periods, which are generally much shorter for blue collar workers(OECD 2008). While the social partners agree in principle that the distinction is outdated, the implementation and actual direction of harmonization remains a bone of contention.
In Belgium, the share of self-employment in total employment remained fairly stable between the mid 1980s and the late 2000s. There is a slight drop between the late 1990s and early 2000s, with stability before and after. The Belgian rate has remained fairly close to the European average. In contrast to other forms of non-standard employment, self-employment is mainly a male phenomenon both in Belgium and across the EU.

**Household joblessness**

Household joblessness is a matter for concern in Belgium, where rates have been relatively high from an international perspective (e.g. 12.5 percent of adults in 2010 for Belgium, compared to 10.4 percent for both the EU27 and EU15). EU-LFS data suggest there has been an increase in the early 1990s, which stabilized in subsequent years. From 2000, the rate has fluctuated, with a renewed increase among the deteriorating labour market conditions since the crisis of 2008. (EU-SILC data, which apply a different definition, confirm the findings of the EU-LFS from 2003 onwards). There are strong regional differences: in 2010, 8.3 percent of adults in Flanders lived in jobless households, compared to 17.2 in Wallonia and 21.3 in Brussels. For children, the disparities are even larger: 5.9 percent in Flanders, 18.7 in Wallonia and nearly one out of four children in Brussels (24.5 percent).
Long-term data from the OECD (Figure 2.12) suggest that among parent couples, dual full-time earnership was already quite common in the 1980s. Over time, there has been an increase of young mothers entering the labour market on a part-time basis. Moreover, the data underline the persistence of household joblessness (at least among young parent couples) over the previous three decades. Still, some sources suggest that the effect of female labour force participation overall has contributed to the stability of household disposable income inequality, as the new entrants often complemented lower labour incomes or replacement benefits. (Van den Bosch, Van Dam et al. 1999; OECD 2011).

Source: OECD (2001); OECD Secretariat calculations on basis of the ELFS 2007 and national sources.
Wage and earnings inequality

As the main income source for most households, wages play a key role in shaping the income distribution. Data from the surveys introduced earlier suggest largely stable wage inequality between the mid-1980s and 2007 (measured by Gini coefficient as shown in Figure 2.13). This finding of stability is echoed in OECD (2011), which emphasizes that Belgium has low wage inequality, compared to its OECD peers.

One important caveat applies: the sizeable tax wedge appears to have stimulated the development of employer-provided fringe benefits that are fully or partially tax-exempt (OECD 2009). These benefits, such as lunch vouchers and most notably company cars, tend to be strongly concentrated among the highest wage earners. Taking their value into account increases inequality substantially (Verbist and Lefebure 2008). Among the recent crisis measures was an increase of taxation on company cars.

The gender wage gap in Belgium, whilst still significant, is narrowing. The difference between men's and women's average gross hourly earnings was 9.5 percent of men’s gross earnings in 2006, down to 8.6 percent in 2010. The gap is widest among the oldest age categories and narrower among the youngest. From an international perspective, Belgium performs relatively well (OECD, 2009).

Figure 2.13. Evolution of wage inequality (Gini-coefficient) for all employees, Belgium, 1985-2007

Overall, the combination of stable wage inequality, decreasing gender pay gaps, secure jobs but strong stratification in labour force participation imply that the major distinction is between the employed and the non-employed (rather than secure versus insecure workers).
2.1.4. Educational inequality

Belgium has experienced a major educational expansion over the course of recent decades. There is a clear rise of higher secondary and tertiary graduates among younger age categories. In terms of gender, there has been a remarkable shift, as women in younger generations now have higher rates of tertiary attainment than men. In previous generations, the pattern was opposite.

Among its population aged 25 to 64, Flanders has the smallest share of persons that did not obtain higher secondary education (ISCED 0-2), namely one out of four (26,2 percent in 2011). Brussels and Wallonia have shares of approximately one third (32,7 percent and 32,1 percent respectively). On the other hand, the share of higher educated is largest in Brussels (42,2 percent), substantially larger compared to Flanders and Wallonia (34,3 and 32,5 percent). The educational divergence between the regions probably predated the economic divergence. Based on census data, Vandenberghe (2012) tentatively concludes that the regional educational gap (in terms of years of schooling) opened around the 1950s, whereas the economic gaps date from the 1970s and 1980s.

Figure 2.14. Educational attainment by sex and age category, 2010

With regard to early school leaving, Belgium does relatively well, compared to its European peers. Early school leavers are defined as the young aged 18-24 with at most lower secondary education and who are not in further education or training. In Belgium, their share was 11,9 percent in 2010 (compared to 14 percent in EU27). Moreover, Belgium has seen improvements since the middle of the 1990s, when the rate was over 15 percent. Even if there are downwards trends in all regions, there are major differences. In Brussels, the share of early school leavers is substantially higher (18,4 percent in 2010), compared to the Walloon region (13,7 percent) and Flanders (9,6 percent).
GINI Country Report *Belgium*

There is clear evidence that truancy in secondary education is associated with the socio-economic background of pupils. Data from the Flemish educational system reveal clear overrepresentation of vulnerable groups among truants. This applies inter alia to students whose home language is not Dutch, as well as to children of mothers that have not obtained higher secondary education (Cantillon and Van Lancker 2012).

| Table 2.4. Socio-economic characteristics of truants in Flanders in secondary education, 2009-2010 |
|--------------------------|--------------------------|--------------------------|
|                         | % of truants | % of school population |
| Non-Dutch home language | 33,0         | 9,0                      |
| Mother low educational attainment | 65,2          | 23,1                    |
| Homeless            | 2,8          | 0,3                      |
| Entitled to school allowance | 33,2          | 25,8                    |
| Large cities        | 34,1         | 3,9                      |

Source: Cantillon and Van Lancker (2012)

The OECD Programme for International Student Assessment (PISA) provides further evidence that Belgium produces good educational outcomes overall, but with substantial stratification. The standardized tests indicate that, on average, 15-year olds in Belgium perform significantly better in reading and mathematics than the OECD average (OECD 2010). However, there are significant differences between the different communities (each of which organize their own educational systems (Table 2.5). Vandenberghe (2012) shows that over subsequent international surveys, Flemish speaking pupils increased their mathematics performance vis-à-vis EU and OECD countries, while the Walloon region gradually fell below average⁸.

| Table 2.5. Average scores for 15-year olds on PISA test (standard error between brackets), 2009 |
|--------------------------------------------------|--------------------------|--------------------------|
|                         | Reading literacy | Mathematical literacy | Scientific literacy |
| Belgium                | 506 (2,3)         | 515 (2,3)             | 507 (2,5)          |
| Flemish Community      | 519 (2,3)         | 537 (3,1)             | 526 (2,9)          |
| French Community       | 490 (4,2)         | 488 (3,9)             | 482 (4,2)          |
| German Community       | 499 (2,8)         | 517 (2,5)             | 519 (2,9)          |
| OECD average           | 493 (0,5)         | 496 (0,5)             | 501 (0,5)          |

Source: De Meyer and Warlop (2010)

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⁸Based on the 1980 SIMS (Second International Mathematics Study); 1995 TIMSS (Third International Mathematics and Sciences Study) and 2000 PISA (Programme for International Student Assessment).
For recent years, the PISA reports have shown that the impact of parents’ socio-economic status on pupils’ scores is larger in Belgium than on average in the OECD. There is a recurrent debate on the influence of tracking in secondary education, as international evidence suggests that it contributes to educational segregation (Brunello and Checchi 2012). In Belgium, tracking starts at age 12, with a very clear (perceived) hierarchy between different streams. The practice of ‘demoting’ students from general to technical and finally professional education (the ‘waterfall system’) is well-known.

The impact of immigrant background in Belgium is much larger than in other OECD countries with comparable shares of children from migrant backgrounds (De Meyer and Warlop 2010; OECD 2010). On a more positive note, the gap between natives and students with an immigrant background has narrowed significantly between 2000 and 2009 (OECD 2011).

In higher education, there is a trend of educational expansion among the population aged 30 to 34. In 2000, 35.7 percent of the Belgian population in this age bracket had completed tertiary education. By 2011, this share had risen by almost ten percentage points, to 42.6 percent. The regions have converged substantially since the early 2000s. Brussels has continually had the highest share: 43.9 percent in 2000 and 47.8 percent in 2011. The Flemish region evolved from 36.4 to 42.3 percent. The expansion was largest in Wallonia, with an increase from 27.8 to 40.5 percent.

International comparisons suggest that educational homogamy among Belgians is fairly limited, compared to other countries (Domański and Przybysza 2007).

### 2.2. Whom has it affected?

Living standards increased in Belgium between the early 1980s and the late 2000s, while income inequality has remained fairly stable. There have been shifts below the surface, however. Certain groups have experienced lower income growth than the population as a whole.

First, there is an important regional shift: The Walloon region was traditionally more prosperous than the Flemish Region, but this relation reversed over time. This shift can be observed in the median incomes of different age groups. In 1985, the median income of Flemings and Walloons aged 25 to 49 were similar, if slightly higher in Flanders. Twelve years later, the gap had widened considerably. Comparisons should not be made across different sources, but the pattern is fairly robust within each of the sources (note that there is evidence that high incomes are overrepresented in the Walloon ECHP (Proost, van Dam et al. 1996). For the older age groups, the Walloon region initially had higher

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9 By lack of sufficiently large survey samples for the Brussels Capital Region, we do not consider it in this overview.
income (which to some extent was linked to higher incomes in active age of older Walloon cohorts compared to Flemish). Over time, the incomes of older generations in the Flemish region have converged with those of their Walloon counterparts, and eventually overtaken them.

Table 2.6. Ratio of Flemish to Walloon median equivalised disposable household income by age category

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 25-49</td>
<td>103%</td>
<td>110%</td>
<td>104%</td>
<td>108%</td>
<td>112%</td>
<td>118%</td>
</tr>
<tr>
<td>Age 50-64</td>
<td>94%</td>
<td>101%</td>
<td>102%</td>
<td>95%</td>
<td>110%</td>
<td>109%</td>
</tr>
<tr>
<td>Age 65+</td>
<td>89%</td>
<td>95%</td>
<td>93%</td>
<td>98%</td>
<td>102%</td>
<td>103%</td>
</tr>
</tbody>
</table>

Source: Van den Bosch, Lefebure et al. (2007), updated with 2008 data

Second, there has been a growing gap between the income of persons and households with income from work, and those that rely mainly on income replacement benefits (pensioners, long-term unemployed). While Belgium has a system (indexation) that is designed to safeguard the purchasing power of both benefits and wages, the latter have clearly outperformed the former. As dual earner/ship became the norm, individuals or households that rely on a single wage (including single persons or single parents) or exclusively on replacement incomes have clearly lagged behind general income developments (Van den Bosch, Vandenbroucke et al. 2009).

2.3. Interdependence between various inequalities

As shown in a previous section of the report, educational attainment in Belgium is associated with strong gradients in employment and risk of unemployment. Moreover, there are substantial earnings premiums to higher education. In Belgium, workers aged 25 to 64 that have not obtained higher secondary education earn on average 10 percent less (net of taxes) compared to their counterparts with higher secondary education. Compared to this reference group, workers with tertiary education earn 30 percent more. These wage gaps have remained stable between 2000 and 2009 (OECD 2011).

In terms of regional differences, Flanders tends to do best in terms of schooling, labour market outcomes and living standards. The sequencing of the disparities is not fully documented, although data suggest that the educational divergence preceded the economic gap between the regions (Vandenberghhe 2012).

Moreover, there is overlap between different risk factors identified in the previous sections. Immigrants’ vulnerable position in terms of work and income is at least partly linked to overall lower educational attainment levels among non-natives. The immigrant population is underrepresented in
Flanders. Brussels has the highest concentration of immigrants among its resident population, and is in many respects the laggard in terms of employment and social inclusion.

2.4. Why has inequality (not) grown?

The data discussed in the previous section suggest that income inequality in Belgium did not increase substantially between the mid 1980s and the late 2000s. The OECD Report ‘Divided We Stand’ (OECD 2011) analyzes a number of likely or alleged drivers of growing inequalities in most industrialized countries. These include globalization, technological change, deregulation, changes in employment and family formation and redistributive policies and institutions. This section builds on the OECD report to consider the role of each of these factors for Belgium.

With regard to globalization, the OECD confirms Belgium’s status as one of the most open economies among the industrialized countries. Belgium experienced a very strong increase in foreign direct investment and trade between 1980 and 2008. Across the OECD, however, there is no significant effect of trade integration and financial openness on income inequality. From this perspective, Belgian stability in terms of income inequality is compatible with the broader conclusions of the report. Léonard and Dion (2003, p.59) consider the impact of globalization on the Belgian system of industrial relations and find that the Belgian system “remains characterized by a high level of institutionalisation, a high degree of internal coordination and a significant rate of union affiliation”.

In terms of technological change, the OECD data finds that increases in business expenditure on research and development are generally associated with growing wage dispersion, particularly at the top end of the distribution. In Belgium, as in most other countries, these expenditures increased between 1981 and 2008 (from 0,89 to 1,1 percent of GDP). Compared to many other countries, however, the increase in Belgium remains fairly modest and its overall ranking fairly average.

Changes in labour and product market institutions are often considered as key drivers of growing inequalities. Across countries and over the last three decades, the OECD finds support for this thesis, as deregulation is associated with growing wage inequality among full-time workers. Across the panels of countries, wage inequality is also influenced by drops in union coverage and benefit replacement rates. Belgium has seen considerable deregulation in product markets and employment protection legislation for temporary workers, as many industrialized countries have. Overall, however, Belgium remains among the more strongly regulated OECD countries. In a number of key areas, it goes against international trends (for instance with an increase in the tax wedge and remarkably stable union density).
Across the OECD, as in Belgium, employment rates have increased between the early 1980s and late 2000s. In many cases, the rise in female labour participation has mitigated wage dispersion among male full-time workers. This is also the case in Belgium. For 1985 top 1992, (Van den Bosch, Van Dam et al. 1999) indicate that the household dimension has proven an important buffer, as the increase of female (part-time) employment complemented the single earner model. The OECD Report also highlights the fact that wages in Belgium are relatively equal, but that there are large differences between households with income from the labour market, and those that do not.

Finally, Belgium is among the OECD countries with the most redistributive social security and tax systems. The highest income quintile pays a relatively large share of taxes, while the share of benefits in the net income of the lowest income quintile is among the highest in the OECD. The large welfare state has played a major role in stabilizing income inequality between the mid-1980s and late 2000s. For the first decade Cantillon, De Lathouwer et al. (1999) point to a policy of selectivity towards single earners, which played a major part in distributing support towards the lowest incomes.

2.5. Conclusions: The ‘national story’ of evolving inequality drivers

Overall, the data suggest fairly stable income inequality in Belgium between the mid-1980s and the late 2000s, and substantial gains in average living standards. Clearly, breaks in series between disparate data sources call for a reasonable degree of caution. There are indications of a slight but significant increase between the mid and late 1990s, when the lower income groups lagged behind a general increase in living standards. In contrast to the majority of industrialized nations, however, for Belgium there is no indication of a clear, upward trend in income inequality.

In terms of labour market inequalities, Belgium has relatively low earnings dispersion, both among full-time and part-time workers. There is no clear trend in wage inequality. Rather, increases in male dispersion seem to be counteracted by a narrowing gender wage gap. Female employment has increased substantially, with a proliferation of the dual earner household. Part-time work has become more common over time, but this development seems to be mainly voluntary in nature. Temporary employment is rising, but remains below the European average. The evidence suggests that majority of workers are fairly secure in terms of income. The in-work poverty rate of Belgium ranks consistently among the lowest of industrialized nations. The data suggest that the major fault line in Belgium does not concern high versus low-wage workers.

 Rather, there is an important divide between work-rich and work-poor households. Belgium combines a relatively low employment rate (particularly among older workers) with persistent long-term unemployment and a rather large share of the population living in jobless households. This
market income inequality is reduced to a large extent by cash transfers and taxes. The redistributive effect of the Belgian welfare state is large from an international perspective. It has played an important role in the observed stability of income inequalities over the past three decades.

Beyond fairly favourable headline rates in terms of income inequality, however, there is cause for concern. The preceding chapter finds evidence of very deep background inequalities. There are strong regional differences within Belgium, with rather consistent rankings across different dimensions: the Flemish region tends to outperform the Walloon region and the Capital Region in terms of educational outcomes, labour market performance, as well as overall living standards and poverty risk.

Belgium has performed a major educational expansion over the previous thirty years. While the democratization of education has been laudable as such, it is far from completed. There is ample evidence that Belgian educational systems (both of the Flemish and French Community) reproduce the socio-economic background inequalities of their pupils, more so than in other industrialized countries. This is a particularly relevant issue, as lower educational levels are strongly associated with unemployment and poverty risks. Furthermore, the evidence suggests a key challenge posed by immigration. Persons living in Belgium, but born outside the EU27, face particularly high risks of poverty and unemployment. The gradients appear to be larger in Belgium, compared to other EU countries.
Chapter 3: The Social Impacts Of Inequality

3.1. Introduction

The observed increase in socio-economic inequalities in the majority of OECD countries has given rise to a lively debate regarding its social impacts. It has been argued that rising income and labour market inequalities translate into adverse effects at individual, household and societal level. The assumed impacts span a wide range of dimensions, including material deprivation, patterns of family formation, health outcomes, social cohesion, social mobility, subjective measures of happiness, as well as crime. For the Belgian case, these theses provide a compelling puzzle. Given the fairly stable income inequality that was documented in the previous chapter, should one expect stability in other dimensions as well? Furthermore, in light of stratification along dimensions such as educational attainment and country of birth established in chapter 2, this chapter will investigate how the adverse social outcomes are distributed among different groups in the population.

3.2. Patterns and trends in material deprivation

Material deprivation refers to an enforced inability to acquire certain goods and services that could be considered vital in a given society. Based on three distinct surveys (see annex), long-term trends in material deprivation can be reconstructed for Belgium. The trends refer to 4 items, namely an own car, telephone, (colour) TV and one week holiday away from home. While the three data sources reported in Figure 3.1 are not directly comparable over time, within each of the series, deprivation tends to decrease. EU-SILC is an exception, with some deterioration in the late 2000s.

The severe material deprivation indicators that are produced by Eurostat refer to a shorter time period, but consider a larger set of items. Persons are considered severely materially deprived if they experience at least 4 out of 9 deprivations: cannot afford to i) pay their rent or utility bills, ii) keep their home adequately warm, iii) face unexpected expenses, iv) eat meat, fish, or a protein equivalent every second day, v) enjoy a week of holiday away from home once a year, vi) have a car, vii) have a washing machine, viii) have a colour tv, or ix) have a telephone. Over the brief period of observation (2003-2009), there are no clear upward or downward trends for Belgium: severe deprivation increases between 2003 and 2005 (from 4,5 to 6,5 percent) then steadily decreases to 5 percent in 2009.
Figure 3.1. Material deprivation: share of households that do not possess 0, 1, 2 or more items because of financial reasons, 1985-2009

With regard to stratification (Figure 3.2 and 3.3), it is clear that severe material deprivation is concentrated among certain groups. Similarly to poverty risk, there is a regional dimension: deprivation amounts to 2 percent in the Flemish region (similar to Denmark or Spain), compared to approximately 7 percent in the Walloon region (similar to Italy or the Czech Republic). The sample size for the Brussels Capital Region is insufficiently large to be representative, but the data suggest the rate could be over 15 percent.

Within the overall Belgian population, women tend to experience more deprivation than men. Children and young adults are more likely to experience severe material deprivation than persons in active age. The elderly population reports a relatively low level of deprivation. In this respect, material deprivation shows a different pattern to the poverty risk indicator. Older persons are at higher income poverty risk than working age individuals, but report less severe material deprivation. Possibly, the elderly population has lower aspirations compared to younger groups. Moreover, wealth may play a role as alternative functional equivalent to income in procuring certain goods or services.
Figure 3.2. Severe material deprivation rate, by sex, age category and household type, 2009

Source: Eurostat, based on EU-SILC 2010

The stratification that was observed with regard to poverty risk is clearly present in terms of severe material deprivation. There is a concentration among persons with lower levels of educational attainment, among the unemployed and those inactive at working age. Moreover, the country of birth shows substantial gradients. Approximately one out of five adults born outside the EU27 experiences severe material deprivation, which is fourfold the rate among natives and immigrants from the EU27.

Figure 3.3. Severe material deprivation rate among adults (aged 18+), by educational attainment, main activity status, country of birth, 2009

Source: Eurostat, based on EU-SILC 2010
3.3. Cumulative disadvantage

With the exception of older persons, the patterns of material deprivation and poverty risk are very similar. This suggests that there is strong overlap between both categories. Indeed, persons at risk of poverty are clearly at higher risk of material deprivation (compare Figures 3.1 and 3.4). This is a consistent pattern over the previous three decades.

Figure 3.4. Material deprivation among households at-risk-of-poverty, 1985-2006

Source: Van den Bosch, Vandenbroucke et al. (2009)

The Europe 2020 target considers individuals ‘at risk of poverty or social exclusion’ if they are at-risk-of-poverty, severely materially deprived or living in households with very low work intensity\(^\text{10}\). In 2010 (income year 2009), approximately one out of five Belgians (20.8 percent) was in at least one of these situations. Approximately one third of these (7.7 percent of the population) combines at least two risk factors. A very small share of the population (2.2 percent) combines all three.

\(^{10}\) Aged 0 to 59 and the working age members in the household worked less than 20 % of their potential during the past year.
Table 3.1. Population at-risk-of-poverty or social exclusion, by dimension, 2009

<table>
<thead>
<tr>
<th>At-risk-of-poverty</th>
<th>Material deprivation</th>
<th>Low work intensity</th>
<th>Total</th>
<th>Education</th>
<th>Country of birth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Low</td>
<td>Mid</td>
</tr>
<tr>
<td>yes</td>
<td>yes</td>
<td>yes</td>
<td>2,2</td>
<td>3,4</td>
<td>1,2</td>
</tr>
<tr>
<td>yes</td>
<td>yes</td>
<td>no</td>
<td>1,2</td>
<td>1,7</td>
<td>1,0</td>
</tr>
<tr>
<td>yes</td>
<td>no</td>
<td>yes</td>
<td>3,3</td>
<td>4,4</td>
<td>2,2</td>
</tr>
<tr>
<td>no</td>
<td>yes</td>
<td>yes</td>
<td>0,6</td>
<td>1,1</td>
<td>0,7</td>
</tr>
<tr>
<td>yes</td>
<td>no</td>
<td>no</td>
<td>8</td>
<td>13,5</td>
<td>6,4</td>
</tr>
<tr>
<td>no</td>
<td>yes</td>
<td>no</td>
<td>1,9</td>
<td>2,8</td>
<td>1,9</td>
</tr>
<tr>
<td>no</td>
<td>no</td>
<td>yes</td>
<td>3,7</td>
<td>5,5</td>
<td>3,8</td>
</tr>
<tr>
<td>no</td>
<td>no</td>
<td>no</td>
<td>79,2</td>
<td>67,6</td>
<td>82,8</td>
</tr>
</tbody>
</table>

Source: Eurostat, based on EU-SILC 2010

A fairly large share of the population are at-risk-of-poverty, but neither materially deprived, nor living in households with low work intensity. This share is particularly high among the elderly (18.1 percent among 65+). Indeed, this group tends to have relatively low income (pensions), while it is excluded from the definition of low-work intensity and experiences relatively little material deprivation (either through savings or lower aspirations).

Among the overall population, the strong gradients by educational level and country are once more apparent. Among the population born outside the EU27, over half report at least one risk factor. The regional pattern re-emerges: the risk in the Flemish region (15 percent) is clearly lower compared to Wallonia (25 percent). For the Brussels Capital Region, there is no reliable point estimate, but the rate is presumably higher than in Wallonia.

3.4. Indicators of social cohesion

In terms of contact with relatives and friends, Belgium ranks fairly well. More than 80 percent of the population have daily or weekly personal contact with both relatives and friends. The relatively high score of Belgium, in EU-SILC, is confirmed by the European Social Survey (ESS). This score puts the country firmly at the top of an EU ranking, together with Spain, Portugal, Finland and the UK. (Eurostat 2010)

Moreover, persons that feel isolated (claiming they cannot turn to relatives, friends or neighbours for help when needed) represent 5 percent of the Belgian population (EU-SILC 2006). This score is slightly below the EU average of 7 percent. Beyond the headline rate, there are differences in vulnerability. In Belgium, the share of ‘isolated’ individuals increases to 9 percent among those living in one-person households (this despite the fact that household members are not included in the ‘help’ definition). Moreover, there is an association with low income, as individuals at-risk-of-poverty
report significantly higher rates of isolation (11 percent) than those not at-risk-of-poverty (4.4 percent). (Eurostat 2010).

In contrast to the relatively favourable score on personal contact, data from the European Quality of Life Survey suggest that perceived social exclusion is relatively high in Belgium. This is quite remarkable, given the high level of GDP per head in Belgium. Across countries, there is a negative association between both variables. For each of the sub-items listed in Table 3.2, a larger share of Belgians agree to feel excluded, compared to the average of EU27 and EU15. Certain groups are particularly prone to perceived exclusion. Among single persons and single parents, there is a large share reporting feelings of social exclusion. The unemployed, manual workers, persons experiencing economic stress or material deprivation also have a high probability of feeling excluded, which provides further evidence of multidimensional vulnerability. (European Foundation for the Improvement of Living and Working Conditions 2010)

Table 3.2. Perceived social exclusion, Belgium, 2007

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>EU27</th>
<th>EU15</th>
<th>NMS12</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel left out of society.</td>
<td>15</td>
<td>9</td>
<td>8</td>
<td>11</td>
</tr>
<tr>
<td>Life has become so complicated today that I almost can’t find my way.</td>
<td>23</td>
<td>19</td>
<td>17</td>
<td>25</td>
</tr>
<tr>
<td>I don’t feel that the value of what I do is recognised by others.</td>
<td>24</td>
<td>22</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Some people look down on me because of my job situation or income.</td>
<td>18</td>
<td>15</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Do not agree with any of the items</td>
<td>55</td>
<td>62</td>
<td>64</td>
<td>55</td>
</tr>
<tr>
<td>Agree with 3+ of the items</td>
<td>9</td>
<td>7</td>
<td>6</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: European Quality of Life Survey

3.5. Family formation and breakdown, lone parenthood, women’s fertility

Family life in Belgium has changed considerably over recent decades. The average size of households has decreased from 2,73 persons in 1981 to 2,39 in 2001 (and stable at 2,3 in the late 2000s, according to EU-SILC). This trend is mainly driven by a strong increase in single person households and a moderate decrease of households with 4 members or more. Over previous decades, there has been a convergence between the two main regions. Flanders traditionally had larger households but their size has decreased at a faster pace than in Wallonia (Flanders had 2,86 in 1981 to 2,46 in 2001; Wallonia: 2,90 in 1981 to 2,39 in 2001). Brussels is a particular case, with an average size of 2,06 in 2001 (from 2,39 in 1981). In the Capital Region, approximately half of the population lives in single persons households.
Table 3.3. Household structure (% population, in private households) in Belgium, 1981-2001

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single, no children</td>
<td>8.6</td>
<td>11.4</td>
<td>13.5</td>
</tr>
<tr>
<td>Couple without children</td>
<td>17.4</td>
<td>17.6</td>
<td>18.0</td>
</tr>
<tr>
<td>Couple with children</td>
<td>56.2</td>
<td>52.8</td>
<td>45.6</td>
</tr>
<tr>
<td>Single parent</td>
<td>5.6</td>
<td>7.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Other</td>
<td>12.2</td>
<td>10.8</td>
<td>13.8</td>
</tr>
</tbody>
</table>

Source: Volkstelling (census)

Figure 3.5 Crude marriage and divorce rates (marriage and divorce per 1000 of population), 1980-2010

Between the early 1990s and 2008, there has been a substantial increase in lone motherhood and lone fatherhood, with a concurrent decline of the number of married couples with children. The share of extra-marital births in Belgium has steadily increased between 1980 and 2010, from less than one out of twenty births in 1980 to nearly half in 2010. This evolution mirrors broader trends in couple formation and dissolution. The data of the European Values Study document a cultural shift over the previous decades. In 1981, 16 percent of the population agreed with the statement that ‘marriage is outdated’. This share increased steadily over the decades, to 35 percent agreeing in 2009. (Deboosere, Mortelmans et al. 2011)

With regard to marriage dissolution, data for Belgium indicate that the risk of dissolution is lower where both partners work, have comparable earnings and share household tasks equally. (Raeymaeckers, Snoeckx et al. 2006)
Turning to the regional dimension, the number of interregional marriages in Belgium is very low: in Flanders in 2003, approximately 95 percent of brides married a man that lived in Flanders prior to the marriage. In Wallonia, this rate is somewhat lower (92 percent), but this includes mainly spouses from the largely francophone Brussels region. Again though, the trend towards cohabitation prior to marriage makes it more difficult to adequately monitor these evolutions.

Migrants and foreigners that have acquired the Belgian nationality live in larger households on average, but also see a decrease towards the national average. Among Belgians of Turkish and Moroccan origin, marriage to spouses from the country of origin still has an important mark on family formation. Particularly among the higher educated, however, there is a tendency to converge towards family formation practices of native Belgians. (Deboosere, Lesthaeghe et al. 2009)

It should be noted that the relation between income position and household composition is not always straightforward. Single person households clearly higher have a higher risk of poverty. But the opposite may also hold true: persons living in a depressed economic context might find it more difficult to develop stable long-term partnerships (Deboosere, Lesthaeghe et al. 2009).

**Fertility**

The total fertility rate in Belgium declined between 1960 and the mid-1980s, but has increased overall since then. To a large extent, this evolution is due to a shift of delayed fertility, whereby women had children at later age (Figure 3.7). It is important to note that since the early 1980s, the fluctuations in the fertility in Belgium clearly are linked to economic cycles. In a year following a year of high unemployment, women are less likely to have their first child. This pattern is not universal across countries, as it does not occur in France for instance. (Neels 2010)

De Wachter and Neels (2011) have analysed intended and realized fertility of women aged 20 to 39, living in the Flemish region. Intended fertility was above replacement level (2,1) in 1991. By contrast, the actual fertility in subsequent years was substantially lower, particularly for first births. There is evidence of a positive association between women’s level of education and both intended and realized fertility. Among the highly educated women, birth hazard (i.e. progression to motherhood or additional childbirth) is positively associated with homogamy (highly educated partner), women’s labour market attachment (both before and after childbirth) and uptake of (in)formal childcare.
3.6. Health inequalities

The health status of individuals and populations is both the result of as well as a factor of prosperity. Good health is a prerequisite for a productive and satisfying life. However, it may also be an outcome of previous socio-economic achievements and is thus a catalyst of further gains in life. Health is therefore one of the more important mechanisms of cumulative (dis)advantage.

In Belgium, life expectancy at birth has increased steadily over the previous decades. Women gained more than six life years (from 76.7 years in 1980 to 83 years in 2010), men gained almost eight years
(from 69.9 years in 1980 to 77.6 in 2010). In this respect, there does not seem to be a concurrent trend for income inequality and life expectancy.

There are strong regional gradients in life expectancy. In 2010, female life expectancy at birth was highest in the Flemish region (83.3 years), followed by Brussels (82.7 years) and the Walloon region (81.5 years). The regional gap is larger among males. Boys born in Flanders can expect to live three years longer than those born in Wallonia (78.5 years versus 75.4 years). The Brussels Capital region occupies an intermediate position (76.9 years). Over the past ten years, there is no clear trend in terms of convergence or divergence between regions in this respect.

Table 3.4 shows, for the years 1991 and 2001 in Belgium, the life expectancy at age 25 by educational level and sex (Deboosere, Demarest et al. 2009). Consistent with the increase in life expectancy at birth, life expectancy at age 25 increased substantially in all educational groups between 1991 and 2001, except for women with no diploma. These findings imply that the gap between the lowest and highest educated has further widened between 1991 and 2001. The mean lifespan of higher educated was longer compared to lower educated (7.47 years for men in 2001; 5.92 years for women), and that the life expectancy of higher educated increased at a faster rate between 1991-2001.
Table 3.4. Life expectancy at age 25 by educational level and sex, 1991 and 2001

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th></th>
<th>Women</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No diploma</td>
<td>47,45</td>
<td>47,56</td>
<td>0,11</td>
<td>54,47</td>
</tr>
<tr>
<td>Primary education</td>
<td>47,84</td>
<td>49,29</td>
<td>1,45</td>
<td>55,09</td>
</tr>
<tr>
<td>Lower secondary</td>
<td>49,66</td>
<td>51,33</td>
<td>1,67</td>
<td>56,65</td>
</tr>
<tr>
<td>Higher secondary</td>
<td>50,59</td>
<td>52,52</td>
<td>1,93</td>
<td>57,1</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>52,68</td>
<td>55,03</td>
<td>2,35</td>
<td>57,69</td>
</tr>
<tr>
<td>Total</td>
<td>49,15</td>
<td>51,38</td>
<td>2,23</td>
<td>55,42</td>
</tr>
</tbody>
</table>

Source: Deboosere, Gadeyne et al. (2011)

Focusing on the gender gap in life expectancy, it is clear that gender differences have reduced over that decade. Although at first sight this seems to be good news, the closing of the gap is in part due to the increase in inequality among women. The difference between the highest and lowest educated individuals has increased more for women than for men. At the same time the mortality in men dropped faster than in women.

The increase in life expectancy is concurrent with the shift in the distribution of educational attainment over the period 1991-2001. For men, the increase in life expectancy can be almost completely attributed to the combination of a rapid increase in life expectancy among the higher educated men and the increase of the fraction of higher educated men in the total population. This change in the distribution of educational attainment for men compensates in large for the rapid increase in life expectancy for the higher educated men. The shift in educational attainment among women has been even larger (from 15,1 to 23,8 percent obtaining a tertiary education and from 32,2 to 19,2 percent with primary education at most between 1991 and 2001). However, this shift could not compensate for the widening difference in life expectancy between the different educational groups.

Table 3.5. Healthy life expectancy at age 25, by educational level and sex, 1997 and 2004

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th></th>
<th>Men</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No diploma</td>
<td>:</td>
<td>:</td>
<td>26,5</td>
<td>27,8</td>
</tr>
<tr>
<td>Primary education</td>
<td>33,3</td>
<td>28,9</td>
<td>32,6</td>
<td>36,7</td>
</tr>
<tr>
<td>Lower secondary education</td>
<td>34,7</td>
<td>36,3</td>
<td>37,4</td>
<td>39,7</td>
</tr>
<tr>
<td>Higher secondary education</td>
<td>40,9</td>
<td>42,0</td>
<td>42,6</td>
<td>41,5</td>
</tr>
<tr>
<td>Higher education</td>
<td>43,4</td>
<td>41,3</td>
<td>43,5</td>
<td>46,3</td>
</tr>
<tr>
<td>Total</td>
<td>38,9</td>
<td>40,4</td>
<td>38,1</td>
<td>40,5</td>
</tr>
</tbody>
</table>

Source: Van Oyen, Charafeddine et al. (2011)
Table 3.5 indicates the number of years that men and women can expect to live in good health (i.e. disability-free) from their 25th birthday onwards. For men, the gains in longevity (between 1991 and 2001) are associated with an increase in healthy life years (between 1997 and 2004), and a decrease of the number of years living with disability. For women, by contrast, longer life expectancy is mainly attributable to an increase of years living in disability.

Consistent with general life expectancy, there are strong differences according to educational levels, both for men and women. Healthy life expectancy is positively correlated with educational attainment. On average, men and women with higher education can expect to live approximately 10 years longer in a healthy condition than their counterparts with primary education. There is no evidence that these inequalities are decreasing, quite to the contrary. For men, the gradients in terms of educational attainment are compensated by the effect of educational expansion. For women, however, there is an increase in inequality, even when taking into account the shifting distribution of educational attainment. (Van Oyen, Charafeddine et al. 2011)

**Self-assessed health**

In 2008, 23 percent of the Belgian population considered themselves to be in bad (very bad to fair) health. This represents a minor but significant improvement compared to 1997 (taking into account the age and sex structure of the population). There does not seem to be a direct link with the trend in income inequality. Turning to personal characteristics, generally speaking, women are more likely to report bad health than men (25 compared to 20 percent). Subjective health also decreases linearly with age, from 6 percent in bad health among the population aged 15 to 24, to 48 percent among those over 75.

There are substantial regional differences with regard to subjective health. In 2008, 26 percent of inhabitants of both Brussels and Wallonia considered themselves in bad health, compared to 21 percent in Flanders. These differences cannot be explained by different age structures. Flanders has the oldest population, and Brussels the youngest. For most ages from age 6 onwards, Flanders performs better than both other regions. The Brussels population is in slightly worse subjective health than the Walloon population up to age 40, but in better health from there on. (Observatorium voor gezondheid en welzijn van Brussel-Hoofdstad / Observatoire de la santé et du social Bruxelles-Capitale 2006)
In terms of subjective health, there are significant differences between educational groups: lower educated persons indicate more often to be in bad health than higher educated persons. (Figure 3.9) The association is robust for controls on age and gender, and appears to be persistent over time. (Tafforeau 2010)

An intergenerational analysis by (Deboosere and Charafeddine 2011) yields remarkable results. Overall, the researchers find a strong association of respondents’ educational status with subjective health, independent of parental educational attainment. The results suggest that educational expansion is associated with better health outcomes. The authors also stress the strong intergenerational reproduction of educational attainment, and its repercussions in terms of health equity.

**Bodily pains and chronic conditions**

The prevalence of bodily pain (as measured by scores on the Short Form (36) Health Surveyscale) has a very similar pattern to subjective health: women report more pain than men, while pain levels go up with age. Lower educational attainment is associated with higher levels of pain. Controlling for age and sex, the differences between the Belgian regions are not significant in 2008, having seemingly converged between 1997 and 2008. (Drieskens 2010)

Chronic illness, chronic health condition or disability affect more than one out of four adults (27.2 percent of the Belgian population aged over 15 in 2008). There is an upward trend between 1997 and
2008. To some extent, this evolution is linked to population ageing, but it cannot be reduced to it. At the regional level, the differences between Flanders and the Walloon Region are decreasing over time. Brussels has a level that is significantly higher than the two other regions. There are large socio-economic differences in the prevalence of chronic conditions in Belgium: for 17 out of 35 conditions, there is a significant negative association with the educational level (taking into account sex and age). In only one case is the relation inverted: allergies are more prevalent among persons with higher educational levels. (Van der Heyden 2010).

**Figure 3.10. Share of the population that has one or more chronic health conditions by educational level, Belgium 1997-2008**

Source: Demarest, Gisle et al. (2010)

**Mental health**

In 2008, three quarters (74 percent) of the Belgian population aged 15 or reports good mental health. Twelve percent experiences a relatively mild form of psychological distress. Finally, 14 percent of the population deals with relatively serious mental health issues. There is no clear linear trend between 1997 and 2004. In general, there are more health issues among (or reported by) women, compared to men. The youngest age group (15 to 24) is most vulnerable. There are regional differences: Flanders reports the highest share of good health (77 percent, compared to 71 percent in Wallonia and 66 percent in Brussels). Brussels has the highest share of persons with serious mental issues (19 percent, compared to 15 percent in Wallonia and 13 percent in Flanders). These regional differences are robust for population structure (age and sex). Moreover, persons living in a household with at least one member that did not finish higher secondary education report lower
mental health and more problems, compared to those that did finish higher secondary. These findings are robust for population structure (age and sex). (Gisle 2010)

Figure 3.11. Share of the population (aged 15 and over) with current symptoms of a depressive disorder by education level, 2001-2008

Nine percent of the Belgian population (aged 15 or more) shows symptoms of a depressive disorder. Women are more vulnerable than men (13 compared to 6 percent), and prevalence increases linearly with age (from 5 percent among age 15 to 24, nearly tripling to 14 percent among the population aged over 65). There is no clear linear trend between 2001 and 2008. Regional differences are robust for population structure (8 percent in Flanders, 11 in Wallonia and 14 in Brussels). The same applies to the gradient with regard to educational attainment (Figure 3.11).

One out of seven (15 percent) adults living in Belgium claims to have used psychotropic medication in the two weeks prior to interview (hypnotics, tranquilizers, antidepressants). There has been a fairly strong increase between 1997 and 2008, from 10 to 15 percent. The use of these drugs is twice as common among women compared to men. It rises linearly with age, particularly among women. These drugs are used significantly less in Flanders (13 percent), compared to Brussels and Wallonia (respectively 19 and 17 percent). Their use is least frequent among persons with higher educational attainment (10 percent) and most common among persons that did not finish higher secondary education (27 percent). These differences are robust for controls on age and sex. (Gisle 2010)
Lifestyle and prevention

Obesity is a severe form of excessive weight\(^{11}\). It is associated with a substantial decrease in (healthy) life expectancy and is considered one of the main causes of preventable death worldwide. In 2008, 13.8 percent of the adult population in Belgium is obese (13.3 percent among men and 14.4 percent of women). Moreover, data between 1997 and 2008 suggest an increase over time (Figure 3.12). Obesity is more common among adults with lower levels of education. Controlling for age and sex, the educational gradient is robust between 1997 and 2008.

**Figure 3.12. Percentage of the adult population (18 years and over) that is obese (Body Mass Index >= 30), 1997-2008**

![Bar chart showing the percentage of the adult population that is obese by education level and year from 1997 to 2008.](image)

Source: Demarest, Gisle et al. (2010)

Obesity can be related to a combination of factors, including genetic factors. In most cases, healthy nutrition and regular physical exercise are considered as main means of prevention and treatment. In this respect, it is important to note that educational gradients have been observed in regular physical exercise, where groups with lower education report more often to have a sedentary lifestyle. Even when controlling for age and sex, this gradient persists (Demarest, Charafeddine et al. 2011).

Like obesity, smoking tobacco is associated with many adverse health effects. Smoking represents a major risk factor for lethal diseases, including cancer and cardiovascular diseases. In Belgium, in the

\(^{11}\) Obesity, based on the Body Mass Index, is operationalized by the World Health Organization as a BMI of 30 or above. The Body Mass index or Quetelet index (named after the Belgian polymath who invented it) relates body length to body weight. BMI = weight/(height in metres)\(^2\)
late 2000s, approximately 25 percent of the population aged over 15 smokes (either daily or occasionally). Twenty percent of the adult population smokes daily, only a minority smoke occasionally (some 5 percent). There has been substantial decrease since the early 1980s, when approximately 40 percent of adults were daily smokers (OIVO, 2010). The share of daily smokers is higher among men (22 percent in 2009) than among women (19 percent), but the decrease over time has also been stronger among men (from 50 percent in 1982) than among women (28 percent), leading to a convergence between the sexes (Meirsman and Vandercammen 2010).

Among adults, French-speaking Belgians smokes slightly more than Dutch-speaking Belgians (22 percent versus 19 percent). For the youngest age category (15 to 24), however, the difference between French and Dutch speakers is not statistically significant. Figure 3.13 shows the raw share of smokers among the adult population, by educational level. It suggests a curvilinear pattern: the middle groups smoke more than persons with the highest and lowest levels of education. However, this graph is skewed somewhat by the fact that educational attainment is lower among older groups. Older persons tend to smoke less than the middle age category, partly because persons aged over 55 stop smoking more often and partly because of higher mortality among smokers. If we take into account age and sex composition of the educational groups, there is a negative linear association between smoking and educational attainment: persons with lower educational attainment are more likely to smoke (Gisle 2010).

With regard to the health effects of smoking, Charafeddine, Van Oyen et al. (2011) have observed a remarkable difference between the lower and higher educated groups. The effect of smoking on mortality rates in Belgium seems to be stronger for higher educated men, compared to men with lower levels of educational attainment. (For women, however, this interaction effect is not significant). The researchers interpret these results in terms of competing risks for the lower educated men.

While (moderate) alcohol consumption is commonly accepted in Western societies, it does represent a health risk, particularly in instances of overconsumption and dependency. The large majority of adults aged over 15 in Belgium consume alcohol at some point over the course of a year (81 percent in 2008). This share has been fairly stable between the mid-1990s and the late 2000s. Alcohol consumption is slightly more common among men, compared to women (84 percent compared to 77 percent in 2008). The share of consumers is higher in Flanders (83 percent of inhabitants), compared to the Walloon region (78 percent) and Brussels (70 percent). The latter result might be linked to the relatively large share of the migrant population in the capital region. Remarkably, alcohol
consumption is positively associated with educational attainment: the higher educated groups are more likely to consume alcohol.

**Figure 3.13. Share of the population (aged 15 and over) that currently smokes, 1997-2008**

In 2008, slightly more than one tenth (12 percent) of the Belgian population consume alcohol on a daily basis. This share seems to be rising slightly since the early 2000s. As in consumption over the course of a year, there is a positive association with educational attainment. Daily alcohol use is slightly more common in the Walloon region (14 percent) compared to Brussels and Flanders (11 percent).

Problematic alcohol use (with respondents reporting dependency or chronic overconsumption) is reported by 10 percent of the population in 2008, up from 7 percent in 2001. Men report more problematic use than women do (7 versus 13 percent). There is no relation between problematic drinking and educational attainment, if one controls for age and sex. Brussels has the highest share of problematic use (14 percent, compared to 10 percent in Flanders and 11 percent in Wallonia).

Approximately 8 percent on the Belgian population engage in binge drinking (more than six units of alcohol on one occasion, at least once per week). The phenomenon is predominantly male (13 percent versus 4 percent among women) and most prominent among the young aged between 15 and 24 (12 percent). At first glance, the highest rate of binge drinking is reported in the Flemish region (9 percent, compared 6 percent in Brussels and 7 percent in Wallonia), but this difference is not significant if one takes into account age and sex. At national level, binge drinking appears to be
slightly more common among groups with lower educational attainment, but this association is not robust at the level of the regions (Gisle 2010).

Taken together, the findings on health inequalities do not suggest any clear cross-temporal association between income inequality and health outcomes and lifestyles. While some dimensions show a clear improvement (healthy life expectancy, less tobacco smokers) others can be considered worrisome (more chronic conditions, more obesity and psychotropic medication). While sex and age are important factors, very clear gradients can be observed in many cases with regard to the educational level. These findings once more underline the multidimensional nature of vulnerability. Moreover, while regional gradients are not present in all dimensions, they do stand out in a number of important variables, such as life expectancy and subjective health.

3.7. Housing tenure

Home ownership is the norm in Belgium. Active government intervention to promote ownership dates back to the late 19th century. Compared to most other European countries, the rise of home ownership started earlier and was more gradual (De Decker 2008). By the early 1980s, a slight majority of the population were owners, either outright or with a mortgage. By the late 2000s, this share had increased by over ten percentage points.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>60,8</td>
<td>65,4</td>
<td>69,5</td>
<td>72,6</td>
</tr>
<tr>
<td>Flemish Region</td>
<td>65,5</td>
<td>69,2</td>
<td>73,8</td>
<td>77,4</td>
</tr>
<tr>
<td>Walloon Region</td>
<td>63,4</td>
<td>67,1</td>
<td>69,9</td>
<td>72,7</td>
</tr>
<tr>
<td>Brussels Capital Region</td>
<td>31,0</td>
<td>39,0</td>
<td>42,7</td>
<td>44,8</td>
</tr>
</tbody>
</table>


Table 3.7. Tenure status of households and individuals in Belgium and regions, 2009

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Flanders</th>
<th>Wallonia</th>
<th>Brussels Capital Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners</td>
<td>72,6</td>
<td>77,4</td>
<td>72,7</td>
<td>44,8</td>
</tr>
<tr>
<td>- outright</td>
<td>32,5</td>
<td>35,3</td>
<td>30,8</td>
<td>21,2</td>
</tr>
<tr>
<td>- with mortgage</td>
<td>40,2</td>
<td>42,1</td>
<td>41,9</td>
<td>23,6</td>
</tr>
<tr>
<td>Tenants</td>
<td>27,4</td>
<td>22,6</td>
<td>27,3</td>
<td>55,2</td>
</tr>
<tr>
<td>- private market</td>
<td>18,5</td>
<td>14,8</td>
<td>17,7</td>
<td>42,0</td>
</tr>
<tr>
<td>- reduced rent</td>
<td>7,3</td>
<td>6,5</td>
<td>7,7</td>
<td>10,5</td>
</tr>
<tr>
<td>- rent free</td>
<td>1,6</td>
<td>1,2</td>
<td>1,9</td>
<td>2,7</td>
</tr>
</tbody>
</table>

Source: Verbist and Vanhille (2012), based on EU-SILC
There are regional differences, with the highest rate of ownership reported for the Flemish region. In the Brussels Capital Region, the majority of the population rent their home, but home ownership is becoming more common as well. Immigrants are significantly less likely to own a home than natives, but appear to be neither over- nor underrepresented in social housing (OECD 2012).

**Figure 3.14. Housing cost overburden rate, by sex and age group, 2009**

<table>
<thead>
<tr>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>&lt; 18</th>
<th>18-64</th>
<th>&gt; 65</th>
<th>2 adults or more, with children</th>
<th>2 adults or more, no children</th>
<th>Single person</th>
<th>Single parent</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,9</td>
<td>8,4</td>
<td>9,4</td>
<td>7,7</td>
<td>8,5</td>
<td>11,9</td>
<td>4,9</td>
<td>6,0</td>
<td>23,3</td>
<td>18,4</td>
</tr>
</tbody>
</table>

**Figure 3.15. Housing cost overburden rate, by income quintile and tenure status, 2009**

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
<th>Owner, with mortgage</th>
<th>Owner, outright</th>
<th>Tenant, reduced price or free</th>
<th>Tenant, market price</th>
</tr>
</thead>
<tbody>
<tr>
<td>32,9</td>
<td>8,4</td>
<td>1,9</td>
<td>0,9</td>
<td>0,6</td>
<td>3,1</td>
<td>3,1</td>
<td>12,3</td>
<td>28,7</td>
</tr>
</tbody>
</table>

Source: Eurostat, based on EU-SILC 2010

Housing represents a major expense post within household budgets. The housing cost overburden rate is defined as the percentage of the population living in a household where the total housing costs (net of housing allowances) represent more than 40 percent of the total disposable household
income (net of housing allowances). Overburden is clearly higher among women and the elderly and single adults and single parents. Above all, there is a strong link with disposable income and tenure status. Approximately 30 percent of renters at market prices spend over 40% of their income on housing. Among owners, even those with a mortgage, this share is below 5 percent.

3.8. Violence, crime and punishment

The European Crime and Safety Survey considers victimization rates for 10 common crimes\(^\text{12}\). The data identify Belgium as sole country among a set of 15 where victimization rates increased leading up to 2004, going against an international trend of decreasing victimization. Belgium was among countries with a relatively low rate of victimization in 1989. By 2004, however, its rate had moved above the European mean\(^\text{13}\).

Table 3.8. Victimization in the year preceding the survey (percentage victimized once or more), 1989-2005

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Car theft</td>
<td>0,8</td>
<td>1,0</td>
<td>0,7</td>
<td>0,5</td>
</tr>
<tr>
<td>Theft from car</td>
<td>2,7</td>
<td>3,9</td>
<td>3,6</td>
<td>4,2</td>
</tr>
<tr>
<td>Motorcycle theft</td>
<td>0,4</td>
<td>1,1</td>
<td>0,3</td>
<td>0,1</td>
</tr>
<tr>
<td>Bicycle theft</td>
<td>2,7</td>
<td>2,8</td>
<td>3,5</td>
<td>4,2</td>
</tr>
<tr>
<td>Burglary</td>
<td>2,3</td>
<td>2,1</td>
<td>2,0</td>
<td>1,8</td>
</tr>
<tr>
<td>Attempted burglary</td>
<td>2,3</td>
<td>1,6</td>
<td>2,8</td>
<td>2,5</td>
</tr>
<tr>
<td>Robbery</td>
<td>1,0</td>
<td>1,0</td>
<td>1,0</td>
<td>1,2</td>
</tr>
<tr>
<td>Theft of personal property</td>
<td>4,0</td>
<td>3,1</td>
<td>4,1</td>
<td>3,5</td>
</tr>
<tr>
<td>Sexual incidents (women)</td>
<td>1,3</td>
<td>1,4</td>
<td>1,1</td>
<td>0,9</td>
</tr>
<tr>
<td>Sexual incidents (men)</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>0,2</td>
</tr>
<tr>
<td>Assaults threats</td>
<td>2,1</td>
<td>1,8</td>
<td>3,2</td>
<td>3,5</td>
</tr>
<tr>
<td>10 crimes</td>
<td>13,4</td>
<td>15,2</td>
<td>17,5</td>
<td>17,8</td>
</tr>
</tbody>
</table>

Source: Van Dijk et al (2007)
Note: 10 crimes sweeps across the different categories (ie some persons may have experienced different crimes)

\(^{12}\) Car theft; theft from car; Motorcycle theft; Bicycle theft; Burglary; Attempted burglary; Robbery; Personal theft; Sexual incidents; Assaults threats

\(^{13}\) While international comparability of data is certainly an issue, an OECD report suggest that Belgium has relatively high degree of violence, compared to other OECD countries. In 2010, one out of fifteen (6,6, percent of the Belgian population) declared that they had been assaulted or mugged in the previous 12 months. This is double the OECD average. Among member countries, only Mexico (10,5 percent) and Chile (9,3 percent) do worse. OECD (2011). How’s life? Measuring well-being. Paris, Organisation for Economic Co-operation and Development.
National victimization data (with different definitions) allow the identification of certain risk groups. In 2008 in Belgium, 11.2 percent of the population aged over 15 experienced any form of violence over the course of the previous 12 months. Eight percent experienced verbal or psychological violence. Four percent were victim of theft, burglary or robbery. Three percent experienced physical violence (battery or sexual violence). Young adults (aged under 34) are the age category most vulnerable to victimization. There are regional differences, with higher victimization rates in Brussels (19 percent) compared to Wallonia (13 percent) and Flanders (9 percent). The regional disparities apply to every form of violence. In terms of educational attainment, the higher educated report more theft, burglary and robbery (4.8 percent) compared to those that have not attained higher secondary education (2.0 percent) (Demarest, Hesse et al. 2010)

(van Dijk, Manchin et al. 2007) consider victimization of hate crimes, i.e. falling victim to any crime because or partly because of nationality, race or colour, religious belief or sexual orientation. For these crimes, Belgium (4.2 percent) has a victimization rate that is slightly higher than the European mean (2.8 percent). More strikingly and alarmingly, Belgium is the country with by far the largest share of immigrants reporting hate crimes (approximately 20 percent of immigrants in Belgium, which is double the European average).

Based on crimes recorded by the police, a comparable time series can only be produced from 2000 onwards. Crimes include offences against the penal code or criminal code, with less serious crimes (misdemeanor) being excluded. Clear declines occur in domestic burglary and motor vehicle theft (both including attempts), as well as robberies. Drug trafficking and violent crimes are on the rise, whereas homicide shows strong year-to-year fluctuations which cannot readily be interpreted as a trend (Table 3.9).

Hooghe, Vanhoutte et al. (2011) analyze the spatial distribution of property crime and violent crime in the 589 Belgian communities for the early 2000s. The authors find a strong and significant effect of unemployment rates on occurrence of both types of crime. The analyses suggest that the rate of unemployment in a community has a stronger impact than its income inequality (measured by the Gini of median income within the commune, based on fiscal data). Income inequality has significant positive effect on property crime rates, but a negative impact on violent crime. Further variables of interest are median income of the community (negative association with both types of crime), degree of urbanization (positive association), touristic activity (positive), regional variation (with lower rates, ceteris paribus, for the Flemish and Brussels regions, compared to the Walloon region). The share of young people does not show any effect, whereas the share of non-nationals has no significant effect in the case of violent crime, and a rather weak positive effect for property crime.
The authors find a spill-over effect to neighbouring communities in the case of property crime, but not for violent crimes.

Table 3.9. Crimes recorded by the police, Belgium, 2000-2008

<table>
<thead>
<tr>
<th></th>
<th>Homicide</th>
<th>Violent crime</th>
<th>Robbery</th>
<th>Domestic burglary</th>
<th>Motor vehicle theft</th>
<th>Drug trafficking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>323</td>
<td>99.648</td>
<td>30.229</td>
<td>79.240</td>
<td>42.361</td>
<td>9.673</td>
</tr>
<tr>
<td>2003</td>
<td>230</td>
<td>100.496</td>
<td>27.952</td>
<td>64.053</td>
<td>32.878</td>
<td>9.751</td>
</tr>
<tr>
<td>2004</td>
<td>267</td>
<td>101.111</td>
<td>24.150</td>
<td>57.527</td>
<td>27.042</td>
<td>10.580</td>
</tr>
<tr>
<td>2005</td>
<td>222</td>
<td>103.653</td>
<td>23.912</td>
<td>57.060</td>
<td>24.277</td>
<td>11.391</td>
</tr>
<tr>
<td>2006</td>
<td>224</td>
<td>106.790</td>
<td>22.771</td>
<td>63.929</td>
<td>24.424</td>
<td>11.812</td>
</tr>
</tbody>
</table>

Source: Eurostat

Figure 3.16. Prison population, 1993-2009

In terms of punishment, there is a clear upward trend in the Belgian prison population, which outpaces overall population growth. Whereas in 1990, the prisoner/population ratio stood at approximately 67 prisoners per 100,000, this had increased to nearly 92 by 2008. (Snacken 2007) summarizes the main evolutions in Belgian penal policy as ‘bifurcation’. There has been an enlarged application of noncustodial sanctions on the one hand, but also more remand custody and longer prison sentences for some forms of drug, sexual and violent crime. “A growing emphasis on risk management […] has led to high proportions of foreigners and ethnic minorities in remand custody and serving sentences of imprisonment and to restrictions on parole and the application of preventive detention for sexual offenders”. The overpopulation of prisons has become a recurrent political issue.
3.9. Subjective measures of well-being, satisfaction, “happiness”

Belgium has seen a decline in satisfaction between the mid-1970s and mid 1980s (based on the Eurobarometer data presented in Figure 3.17). This makes the country a notable case, as Inglehart and Klingemann (2000) note that countries’ level and ranking of life satisfaction tend to be fairly stable over time. The authors attribute this decline to “the pervasive malaise linked with interethnic conflicts that have afflicted Belgian society, leading to Belgium being divided into a federation organized along ethnic lines in 1993” (p.170). One should note that the federation is organized along regional and linguistic rather than ethnic lines. Moreover, it seems questionable that these tensions had abated in the subsequent period, which presents a fluctuating pattern of satisfaction, without any clear trend.

Figure 3.17. Life satisfaction, Belgium, 1973-2011

Despite the decline and fluctuations, Belgium ranks slightly better than average among industrialized nations. There are gradients in life satisfaction among Belgians in terms of educational attainment. Higher educated individuals are more satisfied with life (OECD 2011).
3.10. Intergenerational mobility for education and occupation

With regard to participation in tertiary education, Verbergt, Cantillon et al. (2009) note a strong gradient of participation in tertiary education by mothers and fathers’ profession and educational level (the study only considers the Flemish region). Comparing these results to similar analyses for 1976 and 1992, the authors conclude that over the previous 30 years, the social gradient has not declined. While the expansion has implied that a larger absolute number of students from less advantaged backgrounds have entered tertiary education, the inequalities (in terms of probabilities compared to children of parents with higher SES) have remained stable. Remarkably, with regard to participation in tertiary education, parents’ education and profession have a stronger effect for boys than for girls.

Figure 3.18. Participation in higher education among men and women aged 17 to 24 by father’s educational attainment, 2004

Source: Verbergt, Cantillon et al. (2009), based on EU-SILC
Figure 3.19. Participation in higher education among men and women aged 17 to 24 by father’s profession, 2004

Source: Verbergt, Cantillon et al. (2009), based on EU-SILC

Figure 3.20. Relative risk ratio for persons with elementary occupations; legislators, seniors and officials in relation to their father’s occupation

Source: Zaidi and Zolyomi (2007), based on EU-SILC 2005. See annex 3 for ISCO classification

The intergenerational reproduction also applies to occupational mobility. Zaidi and Zolyomi (2007) report relative risk ratios per ISCO class. These ratio’s reports on how an attribute of one’s parents makes it more likely that the respondent will have the same attribute. For elementary occupations, Belgium is among the EU countries where this intergenerational link is strongest. Compared to the average worker, respondents whose father held an elementary occupation are 1,5 times more likely to exercise an elementary occupation as well. The reproduction also applies to the other extreme of

...
the occupational spectrum: workers whose father was a legislator, senior or official, are 1.5 more likely to hold a function at this level.

3.11. Conclusions

Belgium presents a compelling case in terms of social impacts. If one assumes an association between income inequality and a range of social phenomena, what does this imply for a country with stable income inequality? Would one expect stability in the other dimensions as well? Where trend data are available, they show a wide range of evolutions or shifts, some favourable, some less so. In terms of stratification, a rather consistent pattern applies to many different dimensions.

First, material deprivation is decreasing. As a more ‘absolute’ measure (compared to relative poverty risk rates), this is most plausibly driven by the overall rise in living standards, rather than by stable income inequality. The gradients are very similar to those for poverty risk, suggesting cumulative disadvantage. The elderly are an exception, combining low material deprivation with high poverty risk. Persons that are not employed, lower educated, or born outside the EU are more exposed to material deprivation and cumulative disadvantage. The rates are also higher in Wallonia and Brussels, compared to the Flemish region.

With regard to social cohesion and perceived exclusion, no trend data are available for Belgium. A rather favorable international ranking in terms of contacts with family and friends contrasts with a comparatively larger share of the population feeling excluded. Once again, certain groups appear to be particularly vulnerable, among which single persons and single parents. Moreover, there is an association with low income, material deprivation and unemployment, suggesting an accumulation of risk factors.

Family life in Belgium has changed very substantially over the previous thirty years. The most important evolution concerns the increase in single person households, including single parents. This trend has clear implications with regard to socio-economic inequalities and income inequality, particularly in contrast to dual earnership that has become more frequent among couples. There has been regional convergence in this regard, as family size shrunk fastest in the region with the highest initial size (Flanders). Migrants tend to live in larger households, but their practices seem to converge with local practice over time, particularly so among the more highly educated migrants.

While women’s fertility in Belgium appeared to be decreasing between the 1960s and early 1980s, it has become clear that this was actually delayed fertility, rather than an actual decrease.

In terms of health, life expectancy (including healthy life years) increases and subjective health improves. Somewhat paradoxically, there is also an increase in bodily pains and chronic conditions
(which cannot be accounted for by population ageing by itself). Considering mental health and depressive disorders, there appear to be no clear trends in either direction. Yet, the consumption of psychotropic drugs is clearly rising. With regard to lifestyles and prevention, the evidence is mixed. Smoking is becoming less common, but obesity rates and problematic alcohol consumption are on the rise.

There is a recurrent pattern in terms of health inequalities. Women live longer, report worse health and more morbidity, but engage in less risky behavior than men. In the majority of cases, lower educated persons tend to be at higher health risk. Quite often, the gradient applies when controlling for age and sex composition of the population. The sole exception concerns allergies, which occur more often among the more highly educated. Lower educational attainment is also associated with more risky lifestyles (tobacco and obesity, but not alcohol). There are also regional differences, with health hazards in some cases mirroring the average living standards of the regions (subjective and mental health), but also a number of exceptions and examples of convergence (chronic conditions).

Home ownership is widespread and increasing in Belgium, with a familiar regional pattern (highest share in Flanders, and the lowest in Brussels). Tenants are a vulnerable group in terms of housing cost overburden, particularly if they rent on the private market.

According to an international survey, Belgium is an outlier in terms of victimization, recording an increase where most countries saw a decline (or improvement) There are regional differences regarding victimization, with the highest rates reported in Brussels, followed by Wallonia and Flanders. Quite strikingly, more highly educated groups report higher victimization rates for property crimes. Over the previous twenty years, the prison population has increased in relative terms.

Life satisfaction in Belgium decreased substantially between 1975 and 1985. Such a drop is rather exceptional and the trend has attracted a fair amount of scholarly attention. Moreover, it puts the country in the position of a dual outlier: one of the few countries not to have experienced a rise in income inequality, as well as one of the countries that did experience a drop in ‘happiness’. Polls suggest that higher educational levels are associated with higher levels of life satisfaction.

Finally, data on intergenerational mobility underline once more how the educational expansion (however beneficial for many outcomes, including health) has been incomplete. In Belgium, there is a strong and persistent reproduction of educational attainment levels between the generations, as well as low mobility in occupational status.
Chapter 4: Political And Cultural Impacts

4.1. Introduction

This chapter considers the impact of socio-economic inequalities on political and cultural dimensions. It has been hypothesized that an increase in socio-economic inequalities will have a broad range of (detrimental) effects, in terms of political stability. More specifically, this chapter gauges patterns and trends in political participation, institutional trust, as well as views and values regarding democracy and the welfare state. Applying a strategy similar to the social impacts chapter, this section gauges both the trend of these variables over time, as well as their stratification in different groups.

4.2. Political and civic participation

In democracies, turn-out at elections is a key indicator of political participation. Many industrialized countries have witnessed a decline in turn-out since the 1980s (For Belgium, data from the intergovernmental organization IDEA (Institute for Democracy and Electoral Assistance) indicate a slight decrease in turn-out since the early 80s, particularly for national elections. However, compared to other European countries, turn-out is high and the decline relatively modest.

Figure 4.1. Voter turnout in national and European elections, 1979-2010

Source: IDEA Voter Turnout Dataset (idea.int/vt)
Belgium can be considered as a particular case, however. The vote has been obligatory since 1893. As a result, turn-out figures may be less valid to monitor political participation trends for Belgium, compared to countries where the vote is voluntary.

In light of the compulsory vote, the share of invalid votes may yield a more appropriate indication of (non-)participation. Since the early 80s, no trend can be observed towards higher shares of invalid votes in national elections, arguably to the contrary. Moreover, the number of invalid votes for the European parliament has declined over time. Note, moreover, that the relatively liberal regime of granting nationality in Belgium also implies a right and obligation to vote for new nationals. 14

**Figure 4.2. Share of invalid votes elections, 1979-2010**

[Graph showing share of invalid votes elections, 1979-2010]

In contrast to the stable to positive trend in electoral participation, there has been a strong decline in party membership since the early 1980. Whereas nearly 10 percent of the electorate were members of a political party in 1978 (up from less than 8 percent in 1961), this share has dwindled consistently to somewhat less than 6 percent in 2011 (Deschouwer 2012).

Workforce unionization, on the other hand, remains relatively high and stable in Belgium. More than 50 percent of all wage and salary earners are member of a trade union. This rate is particularly resilient, compared to the general decline in unionization across European countries. The provision

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14 In addition, since 1996, non-Belgian EU nationals can vote at municipal level (Maastricht Treaty). In 2004, the federal Parliament granted voting rights at municipal elections to non-EU nationals that resided in Belgium for 5 years or more and signed a declaration that they uphold the Belgian law.

of unemployment benefits by the main trade union confederations (the so-called Ghent system) has been identified as a major explanatory factor. There is clear stratification of unionization in Belgium: membership is particularly high among blue collar workers, employees with lower educational levels and in manufacturing (Van Rie, Marx et al. 2011).

Figure 4.3. Union members as % of wage and salary earners, 1980-2009

In terms of informal measures of participation, Abts, Swyngedouw et al. (2011) consider (self-reported) interest in politics over the previous two decades. Between 1990 and 1999, there is a substantial decline in the share of respondents that declare themselves not interested at all in politics. This decline is followed by relative stability from 1999 to 2009. (Table 4.1).

Table 4.1. Self-declared interest in politics, 1990-2009

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>1999</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly interested</td>
<td>7</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Somewhat interested</td>
<td>23</td>
<td>29</td>
<td>24</td>
</tr>
<tr>
<td>Not very interested</td>
<td>30</td>
<td>31</td>
<td>36</td>
</tr>
<tr>
<td>Not interested at all</td>
<td>40</td>
<td>30</td>
<td>33</td>
</tr>
</tbody>
</table>

Source: Abts, Swyngedouw et al. (2011), based on European Values Study

The share of the population that discusses politics with friends suggests increased political participation. In the early 1980s, a majority of the population claimed never to have political discussions with friends. By late 1990s, the persons that discuss these matters occasionally have become the modal category.
Beyond the headline rates, there are strong gradients with regard to interest in politics. Based on a latent class analysis, Abts, Swyngedouw et al. (2011) distinguish three groups: the apolitical; individuals moderately interested in politics; and finally those interested in politics. In the apolitical class, there is a clear overrepresentation of women, persons with low educational attainment, low-skilled blue collar workers, non-Catholics and individuals with a materialistic value set. By contrast, the older generations, persons with a university degree and individuals with a post-materialistic value set are all overrepresented among the politically interested. There is no substantial difference between Flanders and the Walloon region, although Brussels is underrepresented in the apolitical class.

Between 1981 and 2009, (Abts, Swyngedouw et al. 2011) find stability in terms of non-conventional political participation (signing petitions, participating in authorized demonstrations, boycotting, wildcat strikes or the occupation of buildings or factories). Support for these actions has increased somewhat, but self-reported participation remains fairly scarce. (Abts, Swyngedouw, Jacobs p. 177). The authors identify three groups of citizens: the politically inactive; those participating in politics and the politically militant. The results are broadly in line with interest in politics: women are overrepresented among the politically inactive, as are persons with lower educational attainment, unskilled manual workers and persons with a materialistic mindset. Yet, some important differences should be noted. With regard to political activism, there are substantial regional differences: persons that live in Flanders are much more likely to belong to the politically inactive class, whereas Walloons are overrepresented among the politically militant. Brussels has a profile that is more similar to Wallonia than to Flanders. A comparison of peace protests in the 1980s and 2003 show a shift in age structure (fewer young protesters) and education (more tertiary educated in 2003) (Walgrave, Rucht et al. 2010).

4.3. Trust in institutions and in others

Conventional wisdom portrays Belgium as a country marked by generalized distrust in institutions. Yet, detailed empirical data for Belgium provide no support for this thesis. Rather, there is a clear

### Table 4.2. Discussing politics with friends, 1981-2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regularly</td>
<td>5</td>
<td>9</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Now and then</td>
<td>39</td>
<td>44</td>
<td>50</td>
<td>53</td>
</tr>
<tr>
<td>Never</td>
<td>56</td>
<td>47</td>
<td>37</td>
<td>39</td>
</tr>
</tbody>
</table>

Source:Abts, Swyngedouw et al. (2011), based on European Values Study
hierarchy in different types of institutions (Abts, Swyngedouw et al. 2011). The majority of Belgians have little to no trust in their political representative institutions: political parties (21 percent trust\textsuperscript{15} in 2009); the government (32 percent) and Parliament (41 percent). Low trust in national political actors contrasts, however, with high trust in the main welfare state institutions: social security (82 percent), the educational system (85 percent) and the health care system (90 percent).

A clear majority of the population trust the police (70 percent). The national administration also performs remarkably better than national political actors (57 percent). This also applies to the European Union (59 percent) and NATO (58 percent). Other institutions receive more mitigated support. Approximately half of the population trusts the army (51 percent), the justice system (50 percent), the trade unions (49 percent) or large companies (46 percent). The press (40 percent) and the Church (36 percent) rank rather low.

With regard to stratification, no straightforward gradients can be identified: political (dis)trust seems to be distributed rather evenly across men and women, between groups with different educational attainment and professional groups. There is a regional dimension, however, as distrust is higher in Flanders and Wallonia, compared to Brussels.

An international comparison with the neighbouring countries (France, Germany and the Netherlands) reveals that the polarization of trust in different institutions is particularly strong in Belgium. Moreover, while there is strong trust in welfare institutions in the neighbouring countries as well (with the exception of Germany) it is clearly highest in Belgium.

Long-term trends (1981 to 2009) for Belgium contradict the thesis of a generalized decline in trust. There is fluctuation for most institutions over measurements in 1981, 1990, 1999 and 2009. For quite a few institutions, the trust reported in 2009 is higher than in any of the previous years. (Abts, Swyngedouw et al. 2011)

More recent comparisons based on the European social survey do however indicate the effect of the most recent political crisis. Whereas trust in the legal system remained fairly stable compared to 2004, there was a substantial drop in trust in the parliament and the national government from 2006 to 2008. Trust remained at this low level in 2010.

\textsuperscript{15} Based on European Values Study. On a four point scale (strong trust; moderate trust; rather little trust; no trust at all). Trust is the sum of the two first categories.
Table 4.3. Trust in selected national institutions, 2004-2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust in parliament (%)</td>
<td>40,6</td>
<td>35,8</td>
<td>41,4</td>
<td>33,4</td>
<td>33,3</td>
</tr>
<tr>
<td>Trust in the legal system (%)</td>
<td>35,3</td>
<td>42,0</td>
<td>43,2</td>
<td>43,1</td>
<td>42,5</td>
</tr>
<tr>
<td>Satisfaction with the national government (%)</td>
<td>45,4</td>
<td>37,2</td>
<td>44,1</td>
<td>21,8</td>
<td>22,1</td>
</tr>
<tr>
<td>Satisfaction with the way democracy works in the country (%)</td>
<td>51,3</td>
<td>52,8</td>
<td>53,9</td>
<td>46,7</td>
<td>46,9</td>
</tr>
</tbody>
</table>

Source: European Social Survey

EU membership approval in Belgium has traditionally been high. According to the standard Eurobarometer, there have been significant drops in approval rates in the early 1980s and during the 90s. Nevertheless, fluctuation around 65 percent, is remarkably high compared to other Member States.

Figure 4.4. Support for the European Union, 1973-2010

Source: Eurobarometer

In terms of interpersonal trust, there are no clear trends over the previous thirty years. Data from the European Values Survey indicate that a fairly stable share of the population (some 30%) believe that most people can be trusted. According to the European Social Survey\textsuperscript{16} the share of the population that tends to trust is others is somewhat higher, fluctuating between 40% and 45% between 2002 and 2010.

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\textsuperscript{16} Operationalisation: Do you think most people can be trusted or that you can’t be too careful? On a scale from 0 (you can’t be too careful) to 10 (most people can be trusted). Trust, here refers to the share of 6-10.
4.4. Political values and legitimacy

Democracy as a political system enjoys broad support among the Belgian population. In 2009, the large majority of the population believes that democracy is rather good (54 percent) or very good (37 percent). Only a small minority of 8 percent believes democracy is rather bad, while 1 percent consider it very bad. Compared to 1999, the overall image is rather stable, with the exception of a shift from very good (49 percent in 1999, to 37 percent in 2009) to rather good (41 to 54 percent).

Despite this overall support, the population is not without criticism on democracy, as many consider that the system is marked by a lack of efficacy. More than two thirds agree that democracies are indecisive and imply ‘too much talk’. There is a slight increase in this respect between 1999 and 2009.

In terms of antidemocratic views, substantial stratification can be observed. The young, persons with lower educational attainment and blue collar workers express more anti-democratic views. Moreover, there are regional differences to be noted: the inhabitants of Flanders report lower trust in political institutions and a higher share of antidemocratic views. Among the French-speaking population in Brussels and Wallonia, critique on the functioning and efficacy of democracy (rather than its principles) is the most common view. (Abts, Swyngedouw et al. 2011).
The rise of the extremist vote is a major evolution over the previous three decades, particularly in Flanders. Belgium has a system of proportional representation voting. Three political families (Christian-democrats, socialists and a much smaller liberal family) have dominated the electoral landscape since Belgian independence in 1830. In the early 1950s, they jointly represented 90 percent of the vote. This share dwindled to approximately 70 percent around the mid 2000s and 57.25 percent in 2010 (Deschouwer 2012; Frognier, Bol et al. 2012). The combined share of the traditional parties was mainly taken up by new actors, notably regionalist parties, ecological parties and extreme right parties. Extreme left is weak and dwindling in Belgium, as they have not succeeded to capture a single seat in the Federal Parliament since 1981, when the Communist Party of Belgium captured 2.38 percent of the national vote.

By contrast, the evolution of extreme right is notable. Francophone Belgium has a ‘Front National’, which is rather marginal: it typically represented less than 5 percent of the francophone electorate. In Flanders, however, a party named ‘Vlaams Blok’ (Flemish Block) has played an increasingly important role over the past three decades. It was founded in the late 1970s, as a break-away radical wing of the regionalist party. The founders of VB did not agree with the compromises over regional matters their original party had agreed to in coalition government. In the early 1980s, Vlaams Belang had relatively little support, except for a few local successes. In 1991, however, the breakthrough of this party at national level proved a major shock to the political landscape. On ‘Black Sunday’ (24 November), more than one tenth of Flemish votes in the national elections went to the populist right-wing party. Subsequently, other parties agreed on a ‘sanitary cordon’ around Vlaams Blok. This
entailed a pact never to enter a coalition with the extreme right party, at any level of government. The pact was somewhat controversial, as some argued that it reinforced the status of the party as ‘underdog challenging the establishment’.

With a programme that included unilateral secession of the Flemish region and anti-immigrant rhetoric, the party gained considerable success over subsequent elections, up to the mid-2000s. By 2003, the party had claimed 18 out of 150 seats in the federal parliament. In 2004, the party was convicted for the use of racist propaganda. To avoid losing subsidies, it changed its name to Vlaams Belang (Flemish Interests). That same year, the party went on to claim its highest share of the vote yet, with 24 percent in the Flemish regional elections (Deschouwer 2012). Since 2004, the party has lost some of its momentum (17 seats in the Federal Parliament by 2007 and 12 seats in 2010). The dwindling success is partly a result of the aforementioned containment policy by other parties, as well as competition with more moderate populist Lijst Dedecker and in particular nationalist N-VA (Nieuw-Vlaamse Alliantie, New Flemish Alliance) (Pauwels 2011).

In Flanders, the voters of Vlaams Blok/Vlaams Belang have particularly low trust in politics and institutions. Their trust is lower compared to both voters of N-VA and persons that cast invalid votes. Both these groups show lower trust compared to voters of traditional parties (Meuleman, Abts et al. 2012).

Vlaams Belang seems to have tapped into a powerful political current in Flanders that combines identification with the region and anti-immigrant stances. Frognier, Bol et al. (2012) have analysed the determinants of the vote for different parties between 1991 and 2010 (for the national elections of 1991, 1995, 1999, 2003, 2007 and 2010). Anti-immigrant stances are clearly the most important determinants of the vote for the right-wing populist party (except for 2003), followed by regional autonomy (the most important issue in 2003). In terms of socio-economic characteristics, there are no clear gradients, as the vote is quite evenly spread across educational and occupational segments.

Billiet, Maddens et al. (2003) have shown that more generally in Flanders, sub-national identity is associated with negative attitude towards strangers. Flemings that identify with Belgium also have a more positive view of strangers. In the Walloon region, the association runs in the opposite direction, although it is not very strong.

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17 There is one exception. In 2007, blue collar workers were significantly more likely to vote Vlaams Blok, compared to middle class and upper class voters.
Data from the European Social Survey suggests that a minority of the Belgian population is in favour of a complete migration stop for migrants from a different race/ethnic group. A similar share oppose immigration from non EU-countries that are poorer.

**Figure 4.7. Share of the population in favour of a migration stop, 2002-2010**

![Graph showing the share of the population in favour of a migration stop from 2002 to 2010.](image)

Source: European Social Survey

According to a special Eurobarometer module, tensions in Belgium are highest between racial and ethnic groups (48,5 percent of respondents). Relatively few respondents perceive tensions between the old and the young (13,6 percent). Tension between socio-economic groups are at an intermediate level: approximately one quarter for both the rich and poor people (25,8 percent) and management and workers (26,1 percent). Tensions between racial and ethnic groups is the only item for which Belgians report more tension than Europeans (EU27) on average (Special Eurobarometer 355, 2010). Broadly similar patterns were recorded in the European Quality of Life Surveys of 2003 and 2007 (European Foundation for the Improvement of Living and Working Conditions 2004; European Foundation for the Improvement of Living and Working Conditions 2004).

4.5. Values about social policy and welfare state

Opinion polls indicate that the majority of the Belgian population agrees that inequalities in the country are too large. In the 2009 International Social Survey Programme, almost 3 out of 4 agreed (25 percent of the respondents agreeing strongly and 50 percent agreeing). Similarly, 84,1 percent of Belgians agreed poverty was widespread in their country, according to a 2010 Eurobarometer.

While no long-term data are available with regard to the perceived level of inequality and poverty, there appears to be a shift in the perceived causes of poverty. Over the last two decades, ‘injustice’
GINI Country Report *Belgium*

has been the dominant reply with regard to main causes of poverty. Remarkably, however, a growing share of Belgians perceive poverty as part of modern society. Recent Eurobaromater surveys (2007-9) confirm this pattern.

**Figure 4.8. Perceptions of need in Belgium, 1990-2008**

![Bar chart showing perceptions of need in Belgium, 1990-2008](chart)

Source: European Values Study, own calculations

Most Belgians agree that the government should redistribute wealth and /or income. According to ESS data, nearly 7 out of 10 respondents are in agreement with the statement that “the government should take measures to reduce differences in income levels”. (70.5 percent in 2002; 65.6 percent in 2004; 68.2 percent in 2006; 72.1 percent in 2008; 70.1 percent in 2010). Billiet (2011) has investigated to what extent public opinion in Flanders is right-wing and Wallonia left-wing, when it comes to social benefit provision and income inequality. Based on the ESS round 4 data, he found no statistically significant differences between both regions in terms of ‘state responsibility for social benefits’, ‘social consequences of social benefits’ and ‘economic consequences of social benefits’. By contrast, Flanders has a significantly lower score on ‘income equality’ than Wallonia, while Walloons endorse more the idea that benefits make people lazy and less willing to care for one another. In an international ranking of 12 countries (including Belgium), Flanders and Wallonia are very close, with only Germany interceding between both regions.

Attitudes towards social policy and the welfare state seem fairly stable over time. In the EVS waves of 1990, 1999 and 2008, respondents are asked to indicate on a scale from 1 to 10 whether they agree that incomes should be made more equal or whether there should be greater incentives for individual effort. In a similar manner, respondents were also asked whether they think it is a state’s responsibility to provide for everyone. Figure 4.9 shows no clear trend in either direction.
Finally, a particularly Belgian issue concerns the matter of ‘splitting’ social security. In Belgium, regional differences in socio-economic performance give rise to ‘implicit’ regional transfers through the social security and tax system. A number of actors in Flanders (most notably Vlaams Blok/Vlaams Belang) have advocated halting these transfers by means of regionalization of social security or Flemish indepence. (Beland and Lecours 2005).

Table 4.4 shows regional differences in attitude on this issue. A majority of adults living in Wallonia and the Brussels Capital Region oppose to splitting social security. In Flanders, the support for such an evolution is substantially larger, but far from unanimous. Supporters and opponents represent roughly equal shares in 1999 (Baudewyns and Dandoy 2003). This finding is confirmed by a more recent survey among Flemish voters in september 2007-januari 2008 (Swyngedouw and Rink 2008).

<table>
<thead>
<tr>
<th></th>
<th>Belgium</th>
<th>Flanders</th>
<th>Wallonia</th>
<th>Brussels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Completely agree</td>
<td>6,5</td>
<td>8,0</td>
<td>4,0</td>
<td>2,2</td>
</tr>
<tr>
<td>2. Agree</td>
<td>21,0</td>
<td>27,8</td>
<td>9,0</td>
<td>7,5</td>
</tr>
<tr>
<td>3. Neither agree or disagree</td>
<td>19,9</td>
<td>20,3</td>
<td>19,0</td>
<td>21,0</td>
</tr>
<tr>
<td>4. Disagree</td>
<td>25,5</td>
<td>26,6</td>
<td>21,6</td>
<td>32,0</td>
</tr>
<tr>
<td>5. Completely disagree</td>
<td>16,8</td>
<td>6,9</td>
<td>36,0</td>
<td>29,4</td>
</tr>
<tr>
<td>77. Don’t know</td>
<td>10,3</td>
<td>10,5</td>
<td>10,4</td>
<td>8,0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N (base)</td>
<td>4239</td>
<td>2179</td>
<td>1483</td>
<td>577</td>
</tr>
</tbody>
</table>

4.6. Conclusions

The Belgian political landscape has altered very fundamentally between the mid-1980s and the late 2000s: There was a process of federalization, with recurrent state reforms shifting ever more competences to the sub-national level. In a steady process depillarization, traditional political parties lost ground to new challengers and links weakened between parties and their service organisations (press, trade unions, health care). These political shifts provide a contrast to the stable income inequality that was observed in chapter 2.

The Belgian institutional framework presents a number of particularities that favour high rates of political participation. Belgium did not experience a strong decline in voting turnout, as observed in many other industrialized countries. The fact that voting is obligatory in Belgium provides the most likely explanation for this resilience. Similarly, the Ghent system is considered by many as an important explanatory factor for Belgium’s high and stable unionization rates.

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18 Some think that social security should be split up, so that Flanders and Wallonia should each become responsible for their own social security. Others think that social security should be reinforced at the federal level. Where would you position yourself? (11-point scale: 0 (federal)-10 (split))
Still, beyond these features, there are indications that political participation is increasing, rather than waning. Self-declared political interest among adults is higher in the late 2000s, compared to 1990. Over the course of thirty years, the share of adults that discuss politics with friends has risen consistently. Non-conventional political participation is stable, but receives slightly more implicit support than before. The only counter indication is a steady decline in political party membership between the 1980s and early 2000s. Some might argue, however, that this signals a decline in patronage (linked to pillarization) rather than a decline in actual political participation.

There is evidence of stratification in political participation: women, blue collar workers and persons with lower levels of education report significantly lower levels of interest and participation. Interest in politics is fairly similar between the major regions, with Brussels a positive outlier. Compared to their Flemish counterparts (who are overrepresented among the politically inactive), Walloons and the Brussels population tend to be more militant.

Recurrent political crises in Belgium have led many to expect a low and declining level of institutional trust. However, long-term comparisons suggest a different evolution. It is true that few Belgians trust the main political institutions and actors (parliament, government, political parties). Yet, this contrasts with very high confidence in the main welfare state institutions (social security, health, education). This polarization seems to be a Belgian specificity, at least when compared to neighbouring countries. Moreover, institutional trust does not show any particular pattern of stratification, as it seems to be fairly equal across sexes, educational levels, occupational groups and the two main regions (Brussels again being a positive outlier).

The large majority of the Belgian population supports democratic principles, which is a stable trend. Still, a large and growing share of the population deplores the actual practice of democracy, which involves ‘too much talk’ and proves quite ineffective. Wallonia and Brussels stand out for having a relatively large share of these ‘discomfited’ views, whereas Flanders has a proportionally larger share of anti-democratic views. There is significant stratification in anti-democratic views. Younger adults, those with lower levels of education and blue collar workers are more likely to express their opposition to democracy.

Between the early 1990s and the late-2000s, there has been a strong increase in votes for extremist political parties, accounted for by the Flemish right-wing nationalist party ‘Vlaams Blok/ Vlaams Belang’. With a political agenda that includes anti-immigrant views and Flemish independence, the party reached a peak of 24 percent of the Flemish vote in the regional elections of 2004. Voters of VB combine particularly low levels of trust in politics, anti-immigrant views and strong identification with
Flanders. The party attracts votes across the socio-economic spectrum, across educational levels and different occupations.

Finally, a large majority of the Belgian population is convinced that poverty is widespread. It should be noted that an increasingly large share of the population believes that poverty is a somewhat inevitable characteristic of modern societies. Still, there is strong support for the state intervention to reduce inequality levels. The separation of Belgian social security along regional lines is strongly opposed by Walloons and persons residing in Brussels. Among Flemings, support for such a move is larger than in the other regions, but it does not seem to represent a majority view.
Chapter 5: The Effectiveness Of Policies In Combating Inequality

5.1. Introduction

This chapter presents time series on policy variables related to economic inequality, especially income inequality. Several factors have been identified as key determinants. For most households, labour income constitutes the main component of the household income package. Studies have found wage-setting mechanisms to have a substantial and significant impact on the distribution of earnings. High union density and bargaining coverage, and the centralisation/co-ordination of wage bargaining tend to go hand-in-hand with lower overall wage inequality (Blau and Kahn 1999; Aidt and Tzannatos 2002). In addition, minimum wages reduce wage inequality. A study of Koeniger, Leonardi et al. (2007) shows that the 90-10 male wage differential is more compressed in the presence of higher minimum wages.

It is well known that taxes have a considerable impact on final disposable household income, and hence income inequality. Two guidelines for a tax system appear to have received wide acceptance from the perspective of social justice (Musgrave 1959). First, the principle of horizontal equity, which prescribes that equals should be treated equally (see Feldstein 1976; Atkinson, 1980; Plotnick, 1981 and 1982). Second, the principle of vertical equity, which states that unequals can be treated unequally, i.e. according to their different economic strength. This second principle justifies the progressivity of a tax system. The redistributive effect of taxes results basically from the progressivity and the level of taxes (Kakwani, 1977).

Social expenditure, in terms of social benefits, plays a major role in shaping the income distribution. Several authors have found a strong negative cross-country relationship between the level of social spending and the incidence of poverty, especially for the non-retired population. (see e.g. Bradbury and Jäntti, 2001; Cantillon et al., 2003; Förster and d’Ercole, 2005; Nolan and Marx, 2009). Besides the evolution of overall expenditure, the composition of social spending may have important distributional consequences. In this respect, it is important to consider recent trends towards more in kind provision of social benefits (as opposed to cash income replacement), as well as a growing share of voluntary private social expenditure.

Still, high expenditure levels are not necessarily indicative of benefit generosity. Therefore, more direct indicators of policy intent need to be considered. In particular, minimum income protection is arguably the most fundamental task for any welfare state. In a number of countries, cash benefits
have eroded, as they failed to keep up with general improvements in the standard of living, particularly during the 1990s.

Finally, recent policy paradigms in their different guises have advocated a shift from cash benefits to education and social service provision, in a so-called ‘social investment’ strategy. This chapter considers these evolutions, as well as their distributive implications, for Belgium

5.2. Labour income

Belgium has a deep-rooted tradition of centralized and coordinated wage setting. Collective wage bargaining occurs consecutively at cross-sectoral, sectoral and company level. As the Visser index of centralization indicates, the former two levels are highly influential. First, bi-annual cross-sectoral pay negotiations define the margins for wage increases across the private sector. Subsequently, agreements in the so-called joint committees implement the national target at the sectoral level, which is considered dominant. Even if collective wage agreements at the company level have become more common over time (Plasman, Rusinek et al. 2007), wage formation in Belgium remains highly centralized and coordinated. Moreover, the widespread use of extension mechanisms leads to a very high coverage rate. Over 90 percent of wage and salary earners are covered by collective wage agreements, a share that has been constant since the middle of the 1980s. (Van Ruysseveldt and Visser 1995; Van Gyes 2009; Visser 2011)

Two Belgian particularities with regard to wage formation should be noted. First, Belgium is one of few industrialized countries that apply automatic cost-of living adaptation to wages and social benefits. Concerns for wage competitiveness have led consecutive governments to reform the ‘index’ (including a series of indexation freezes in the mid 1980s and adaptation of the basket of goods and services in 1994). Nevertheless, the system continues to play a key role as a lower bound in wage setting.

Second, the so-called ‘Competitiveness Laws’ of 1989 and 1996 institutionalized governmental intervention in wage setting when wage developments are considered harmful to competitiveness. A monitoring system was introduced, benchmarking Belgian wage developments against those in main competitors and neighbouring countries Germany, France and the Netherlands. The weighted average of pay developments in these countries is considered the upper margin for negotiations, as wage increases beyond this limit trigger government intervention (Van Ruysseveldt and Visser 1995). These systems contribute to a relatively high score on the coordination index.

Minimum wages, as a lower bound, have implications for overall wage inequality. A study by Koeniger, Leonardi et al. (2007) shows that the 90-10 male wage differential is more compressed in
the presence of higher minimum wages. As mentioned earlier, the Belgian indexation systems automatically links benefits and wages to the development of consumer prices. This system aims to shield (minimum) wage earners from loss of purchasing power as a result of inflation. Indeed, real minimum wages have not declined since the 1980s. Yet, if overall wage developments exceed those of minimum wages, earners of the latter may experience a relative decline in living standards. Figure 5.1 suggests that from the second half of the 1990s, Belgian gross minimum wages have failed to keep up with developments in average wage.

Figure 5.1. Gross minimum wages relative to mean and median wages of full-time workers (€-monthly), 1980-2010

Yet, lagging gross minimum wages do not necessarily translate into erosion of disposable incomes. Taxation and (in-work) benefits may counteract rising market inequalities. The CSB-MIPI dataset (Van Mechelen, Marchal et al. 2011) simulates disposable income for a number of model families, considering not only (gross) minimum wages, but also social security contributions, income taxes, local taxes and tax credits where applicable. Moreover, cash child benefits and housing allowances (where applicable) are taken into account. Figure 5.2 relates the net equivalized disposable income of three model families to median income for each household type. The data suggest that the gap between Belgian minimum wage earners and the median income widened somewhat between 1992 and 2001. Between 2001 and 2009, minimum wage earners recovered slightly. For the entire period under consideration, the data underline that the minimum wage is associated with risk of income poverty (60 percent of median disposable income threshold), at least when several household members depend on a single earner.
5.3. Taxation

Tax revenue as a share of GDP in Belgium remained fairly stable between 1980 and 2009, with fluctuations between a range of 41.3 percent (1980) and 45.0 percent (1998). This stability followed fifteen years of strong expansion (from 31.1 percent in 1965 to 43.0 percent in 1979).

Taxes on income, profits and capital gains are the dominant source of revenue, with social security contributions a close second, particularly since the increase of the latter from 1980 to the early 1990s. Taxes on goods and services have remained relatively stable as a source of revenue, and
represent a fairly small share, compared to other countries. Taxes on property represent a relatively modest but growing source of revenue.

The redistributive effect of taxes varies according to type of taxes. For households, one can distinguish personal income taxes, social security contributions and indirect taxes on consumption.

Table 5.1 provides an overview of social contributions, social transfers, personal income tax and indirect taxes by income decile. As the indirect taxes require linking EU-SILC data to expenditure data, the table refers to 2003. All elements are expressed as ‘taxes’, with negative amounts indicating that households receive rather than pay the amount.

Table 5.1. Social contributions, social transfers, personal income tax and indirect taxes per decile of equivalent disposable income, €, 2003

<table>
<thead>
<tr>
<th>Income decile</th>
<th>Disposable income</th>
<th>Social contributions</th>
<th>Social transfers (incl pensions)</th>
<th>Personal income tax</th>
<th>Indirect tax</th>
<th>Total net taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8567</td>
<td>135</td>
<td>-7272</td>
<td>28</td>
<td>2033</td>
<td>-5076</td>
</tr>
<tr>
<td>2</td>
<td>13999</td>
<td>503</td>
<td>-11101</td>
<td>524</td>
<td>1928</td>
<td>-8146</td>
</tr>
<tr>
<td>3</td>
<td>16771</td>
<td>959</td>
<td>-12712</td>
<td>1206</td>
<td>2227</td>
<td>-8320</td>
</tr>
<tr>
<td>4</td>
<td>19921</td>
<td>1805</td>
<td>-11836</td>
<td>2543</td>
<td>2583</td>
<td>-4905</td>
</tr>
<tr>
<td>5</td>
<td>23766</td>
<td>2671</td>
<td>-11746</td>
<td>4371</td>
<td>2933</td>
<td>-1770</td>
</tr>
<tr>
<td>6</td>
<td>27066</td>
<td>3605</td>
<td>-10631</td>
<td>6394</td>
<td>3211</td>
<td>2579</td>
</tr>
<tr>
<td>7</td>
<td>31289</td>
<td>4772</td>
<td>-8270</td>
<td>8743</td>
<td>3618</td>
<td>8862</td>
</tr>
<tr>
<td>8</td>
<td>35967</td>
<td>6152</td>
<td>-7552</td>
<td>12186</td>
<td>3981</td>
<td>14767</td>
</tr>
<tr>
<td>9</td>
<td>41533</td>
<td>7477</td>
<td>-6205</td>
<td>15773</td>
<td>4504</td>
<td>21548</td>
</tr>
<tr>
<td>10</td>
<td>57072</td>
<td>11565</td>
<td>-6356</td>
<td>28796</td>
<td>5511</td>
<td>39516</td>
</tr>
<tr>
<td>Population</td>
<td>27592</td>
<td>3943</td>
<td>-9368</td>
<td>8002</td>
<td>3246</td>
<td>5822</td>
</tr>
<tr>
<td>pre-tax</td>
<td>57,2</td>
<td>57,9</td>
<td>37,2</td>
<td>31,9</td>
<td>57,2</td>
<td></td>
</tr>
<tr>
<td>post-tax</td>
<td>57,8</td>
<td>32,9</td>
<td>31,5</td>
<td>32,9</td>
<td>29,0</td>
<td></td>
</tr>
<tr>
<td>redistribution</td>
<td>-0,5</td>
<td>25,0</td>
<td>5,7</td>
<td>-1,0</td>
<td>28,3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Decoster (2009) based on EUROMOD
Note: ‘Disposable income’ is not equivalized, but the decile ranking is.

As the bottom row shows, the overall effect of employees’ social contributions on the income distribution is rather limited. Recipients of transfer incomes pay lower rates of social contribution (with some categories exempt). Contributions tend to be proportional for employees, but regressive for self-employed. On the expenditure side, social transfers, including pensions, lead to a very substantial reduction of income inequality. Personal income taxes are also clearly progressive, reducing the gini-coefficient by almost six points. Finally, indirect taxes in Belgium lead to a minor increase in inequality (at least if one considers them in view of income). If one considers indirect taxes as a share of consumption on non-durables, they are progressive as well, (Decoster, Loughrey
et al. 2010). Under the joint effect of taxes and transfers (final column) the bottom five deciles are net recipients.

In terms of evolutions, the reform of personal income tax in 1988 (implemented 1989) reduced taxes on labour substantially, leading to a sharp drop in the average tax rate and making the PIT less redistributive (Van Cauter & Van Meensel).

The reform of 2001 was fairly neutral in terms of redistribution, as the reduction in tax level that this reform entailed was offset by an increase in progressivity of personal income taxes. (Cantillon, Kerstens et al, 2003)

From an international perspective, personal income taxes in Belgium consistently rank among the most redistributive in Europe, mainly due to the high level of the average tax rate (Verbist 2004; Immervoll, Levy et al 2006; Lelkes & Sutherland 2009). Moreover, compared to Greece, Hungary, Ireland or the UK, indirect taxes are less regressive in Belgium.

5.4. Social expenditure

Public social expenditure as a percentage of gross domestic product is the most widely used proxy variable for the size of the welfare state. For an expenditure item to be classified as ‘social’ in the OECD SOCX data, two main criteria have to be simultaneously satisfied. First, the benefits have to be intended to address one or more social purposes (risks, see functions listed below). Second, programmes regulating the provision of benefits have to involve either a) inter-personal redistribution or b) compulsory participation. ‘Public’ social expenditure is social spending with financial flows controlled by general government (different levels of government and social security funds), as social insurance and social assistance payments.

Public social expenditure data for Belgium reveal a pattern of stability over the longer term: From 1980 to 2007, the share in total domestic production fluctuates between 23,5 and 27 percent, with a very slight upward trend. The most recent crisis does have a clear impact, both on GDP and some branches of expenditure, with a clear upward tick in 2008 and 2009.
Figure 5.4. Public social expenditure, by function as % of GDP, 1980 -2009

Disaggregation by function shows an increasing share of public social expenditure on health care and (to a lesser extent) old age pensions. The share of survivor’s pensions and incapacity related benefits declines, the latter particularly between 1980 and the early 1990s. No clear trend in either direction can be observed for expenditure on unemployment, active labour market policies (available from 1985), family benefits and other benefits.
Over time, the share of in kind social expenditure has increased. From less than one fourth (23 percent) in 1980, grew to over one third in (36 percent) in 2007. This shift is due mainly to the increase in health care spending, which represents the bulk of in kind social expenditure. From 1985, expenditure on active labour market policies has remained fairly stable at around 1 percent of GDP, with in kind expenditure on family (mainly child care) representing a similar share from 1998.

Within the declining branch of cash public social expenditure, the increase in pension age spending is offset by declines for incapacity related income support and, remarkably, for child benefits.

Across OECD countries, private social expenditure has increased since the 1980s. Belgium has a marginal share of mandatory private expenditure, or social support stipulated by legislation but operated through the private sector. In the 1980s, it was concentrated in the ‘survivors’ function, where from a very low level in 1980 (approximately 0,1 percent of GDP) it has decreased to nearly zero.

Voluntary private social expenditure relates to “benefits accruing from privately operated programmes that involve the redistribution of resources across households and include benefits provided by NGOs, and benefit accruing from tax advantaged individual plans and collective (often employment-related) support arrangements, such as for example, pensions, childcare support, and, in the US, employment-related health plans”. In Belgium, its share in GDP has increased substantially, particularly from the 1990s onwards. It is strongly concentrated in old age pensions.
The shares of social expenditure in the GDP reported in the previous section are ‘gross’, i.e. they do not take into account the effect of taxes. The OECD has investigated the effect of taxes, through direct taxation of benefits; indirect taxation of consumption by benefit recipients and tax breaks for social purposes. When these are taken into account, Belgium has the third largest welfare state in the OECD, larger than the Nordic countries where significant amounts are reclaimed through taxation.(Adema and Ladaique 2009)

In sum, Belgium allocates a relatively large amount of its domestic production to public social expenditure. This share has been broadly stable since the 1980s, although a number of shifts occurred below this stability. Expenditure on health care increased, driving a shift to more in kind expenditure. The share of old age expenditure rises, complemented by major increases in voluntary private expenditure on old age pensions. Expenditure on active age income support is relatively stable in the case of unemployment, but declines in the case of incapacity related benefits and child benefits.

**Benefits and welfare**

The Belgian system of social security features a wide ranging of income replacement benefits to compensate workers (and increasingly citizens) against income loss linked to a number of contingencies. The system of social insurance was developed building on a post-war Social Pact between the social partners. Over time, social security widened its coverage and became gradually more universal, providing benefits to self-employed or granting equivalent rights to non-contributors.
(particularly in pensions). Budgetary considerations led to the erosion of benefits relative to overall living standards, with a selective uprating for the lowest benefits (Deleeck 2000; Vleminckx 2011) (Deleeck 2000; Vleminckx 2011)

**Unemployment benefits and active labour market policies**

From an international perspective, Belgium is a clear outlier with regard to spending on unemployment benefits. Between 1980 and 2007, Belgium spends approximately 3 percent of its GDP, which compared to other countries is both remarkably high and resilient. Note that spending on unemployment includes both active age and early retirement, each of which have certain country-specific features.

Belgian unemployment insurance on active age presents a number of particularities. (Marx, 2009) First, unemployment benefit entitlement in the main ‘full-time unemployment’ scheme is in principle unlimited in duration. This implies that long-term benefit recipients in Belgium tend to be concentrated in the unemployment scheme, whereas in other countries, these may shift to other branches (such as social assistance or disability) when rights expire.

Second, unemployment benefits are differentiated according to the family situation: single persons; heads of household and so-called cohabitants (living together with others that have an income). Over time, cuts have been mainly concentrated on the latter category, as these were assumed to be in lower need. Until 2004, they were also the only category exposed to benefit termination based on ‘abnormally long unemployment’ (so-called Article 80).

Third, active age unemployment insurance includes a very wide range of benefits. These include not only benefits to full-time unemployed jobseekers but also to employees that reduce working hours, involuntarily (short time working schemes, part-time unemployment) or voluntarily (a range of leave and career interruption systems) as well as early retirement benefits.

The first early retirement scheme was introduced in 1974 to facilitate economic restructuring and ‘make room’ for younger workers. The system has proven very popular among workers and employers alike. The policy has however been associated with declining and very low employment rates among older workers (see Figure 2.5) and substantial budgetary costs. From the mid 1980s, consecutive governments have tried to curtail early exit, but found it very difficult to do so. (Gieselink, Stevens et al. 2002) Faced with strong opposition by trade unions, the proposed reforms of the Generation Pact of 2005 have been altered substantially and retirement age continues to be a contested topic in Belgium.
There has been an ‘activating’ turn in Belgian labour market policy. Out of work income maintenance and early retirement jointly represented over 70 percent of labour market spending in 1985. This share started to decline from the early 1990s, to 60 percent in 2010 (mainly due to a decrease in early retirement). Moreover, within the category ‘active’ labour market spending, the share of direct job creation dwindled, and the share of employment incentives increased.

At the demand side, Belgium has dedicated considerable resources to targeted reductions in employers’ social contributions, particularly for categories that are at high risk of unemployment. (Marx 2009)

At the supply side, efforts have for a long time been relatively hesitant. Since the mid 1980s, employment services, job counselling and training are entrusted to regional (and community) institutions (this in contrast to benefits, which are provided by the national employment office, in conjunction with trade unions). Until the mid 2000s, this division of labour generated certain difficulties in monitoring job search effort. In 2004, a cooperation agreement between the different levels aimed a reinforcing both rights and duties. As from November 2012, benefit amounts have also become more degressive over time, a longstanding recommendation by EU and OECD.

**Figure 5.8. Public social expenditure on unemployment as % GDP, Belgium and selection of countries, 1980-2007**

Source: OECD SOCX

**Sickness and disability benefits**

Sickness benefits are available to both employees and self-employed, conditional upon having made social security contributions and the having a medical condition established by a medical doctor as
preventing from work. After one year of incapacity, recipients of sickness benefits shift to disability benefits. As in unemployment insurance, benefits are differentiated according to family situation. This differentiation tends to increase as the duration of benefit spells increase. In addition, the system includes benefits for occupational injury and occupational disease, as well as maternity and paternity leave. (Vanhille, Maes et al. 2012).

**Old age pensions**

The Belgian public old age pension distinguishes between private sector employees (60 percent of current pensioners), self-employed (20 percent) and statutory civil servants (14 percent). The remainder of pensioners receive social assistance (not part of the pension insurance).

In terms of adequacy, there are major differences between these schemes. Benefits are most generous for statutory civil servants, for whom pensions are considered deferred wages and continue to be linked to wage developments. Self-employed have lowest pension on average. Employees’ pensions have eroded compared to average living standards, as from 1982 onwards, pensions were no longer indexed to wages, but to prices. (Note that there has even been number of index ‘freezes’ in the 1980s).

Two major evolutions should be noted, that mark a departure from the original insurance principle. First, over the past thirty years, coverage has been widened through measures such as the so-called ‘equivalized periods’. In this system, spells of non-work (e.g. unemployment or career break) are considered equivalent to work in the accumulation of pension rights. Between the 1975 and 1985, the share of equivalized periods in the pension rights has soared from less than 15% of all pension rights in 1975 to over 30% since 1980s (Peeters & Larmuseau, 2005). The accumulation was concentrated among blue collar workers and women. It should be noted that there are still inequalities in terms of access (Peeters, Debels, Verschraegen & Berghman, 2008). The existence of a means-tested income guarantee for the elderly further limits the equivalence principle.

Furthermore, increases beyond the the cost of living in public pensions have been applied selectively. The oldest minimum pensions have seen recurrent increases. Upper ceilings applied to pension amounts imply that earners above median wage have seen their replacement rates erode. (Anderson Kuipers et al.)

Despite initiatives to promote more universal access to second pillar pensions (Colla Reforms of 1996, Vandenbroucke in 2001) ‘second pillar’ pensions (sectoral agreements) are less developed than in neighbouring countries De Deken (2011). By 2005, approximately half of wage earners are covered
by additional pensions. Among the higher earning white collar workers, it is mainly the individualized third pillar pensions that have soared (Berghman & Peeters 2012).

**Family allowances**

Child allowances in Belgium are (de facto) universal, paid to families with dependent children aged under 18 (up to 25 for full-time students). Supplements are granted to certain risk groups (such as children of parents receiving replacement incomes and children with a disability). Moreover, age related supplements apply, with older children giving right to higher benefit amounts (except for youngest child of self-employed). Once again, family composition is an important factor in benefit amounts, as the amount of child allowance depends on the birth rank of the child (with the allowance of a second child higher than that for the first, and so on until the third child)(Vanhille, Maes et al. 2012). While the child allowance has broadly retained its purchasing power since the early 1980s, compared to average living standards, it has eroded quite substantially (Cantillon & Goedemé, 2006).

**Social assistance**

While the Belgian welfare state relied traditionally on social insurance, three laws enacted in the late 1960s and early 1970s put in place the final safety net; The Law on Social Assistance (providing a minimum income guarantee to all citizens); The Law on Guaranteed Child Benefit (ensuring access to child benefits all to those not covered under the social security scheme) and the Law on the guaranteed minimum pension (ensuring a minimum pension for all pensioners). The latest major development related to the introduction of a ‘living wage’ (leefloon/revenu d’intégration) in 2001.

Because unemployment insurance applies no time limits in principle, (which means that unlike other countries, benefit rights do not expire automatically) the caseload for social assistance was fairly limited in Belgium compared to other countries. Still, recent years have seen an increase (from 0,78 percent in 2003 to 0,97 in 2010). Receipt is particularly high in the Brussels region, which represents almost one quarter of social assistance recipients, for only one tenth of the population. Moreover, non-EU migrants are clearly overrepresented among recipients of social assistance, which is most likely related to the fact that they may not have accumulated rights in social insurance based schemes such as unemployment (Corluy and Verbist, 2010).
Overall, minimum income protection in Belgium improved between 1971 and the early 1980s. During this period, increases in minimum benefits outpaced the improvement in overall living standards (measured as net national income per head of the population). The period from the mid 1980s until the early 2000s was marked by a significant erosion of benefits, however. This decline occurred not in real terms (cost of living adaptations by the indexation mechanism), but relative to overall living standards. By the mid 2000s, a number of increases in benefit rates beyond indexation have halted or slightly reversed twenty years of benefit erosion.

This trend can also be observed in the CSB-MIPI data. In this simulation, net disposable income is the sum of the principal income component (i.e. gross social assistance) plus child cash benefits and housing allowances minus income taxes, social security contributions and local taxes. Children are aged 7 and 14. The data show that social assistance benefits eroded relative to median income from 1992 to 2001, with a slight recovery by 2009. Clearly, there is a considerable gap between the conventional at-risk-of-poverty threshold and the final safety net of the Belgian welfare state. This applies to all household types under consideration.
Figure 5.10. Net disposable Income of Households receiving social assistance, relative to median equivalized disposable household income (%), 1992, 2001 and 2009

Source: CSB-MIPI database

Distributional effect of services and in kind benefits

Health care

Belgium features a system of compulsory health insurance, administered through private, non-for profit healthcare funds. Coverage and contribution rates are identical across funds (some of which have historical links to so-called pillars), although there is some competition in terms of service delivery. As in other social security branches, there has been a tendency towards wider coverage. Since 2008, coverage of self-employed was widened to so-called ‘small risks’ (relatively low-cost risks). In addition, protection for the most vulnerable groups was reinforced by the ‘maximum bill’ (Maximumfactuur). Introduced in 2002, the system aims to put a limit on the share of healthcare costs in total disposable household income. Since 2008, the measure also applies to implants and chronic conditions. Again, this measure reinforces selectivity of policy towards lowest incomes. (Schokkaert et al, 2008, pp. 42-46)

If we turn to the distributional effect of in kind-benefits, health care clearly has a redistributive effect. Mutatis mutandis, low income groups pay a lower insurance fee while their health risk is higher. (Verbist and Lefebure 2007). Indeed, the distribution of health care by income quintile suggest that the lower income quintiles claim a proportionally large share of health care expenditure (Verbist, Förster et al. 2012).

Social housing benefits are also clearly redistributive. The two bottom income quintiles represent over 80 percent of total expenditure. The first quintile represents 59,6 percent of expenditure, the
second 23,0 percent. This declines progressively to 9,7 percent for the third quintile, 5,8 percent for the fourth and less than 2 percent for the fifth. (OECD 2011). One should note, however, the fairly small share of social housing expenditure in Belgium (see above). The main tools are tax exemptions and cheap social loans (not included in this distributive analysis).

5.5. Education

Expenditure on education in Belgium as a share of GDP remains stable at 6,1 percent of GDP between 2000 and 2007. The shares of pre-primary education (0,6 percent); Primary, secondary and post-secondary non-tertiary education’ (4,1 percent) and tertiary education (1,3 percent of GDP) have remained constant over this period. (OECD 2011)

While the Communities each organize their own educational system, compulsory schooling age is set at the national level. Compulsory education (either at home or in school) starts at age 6. In addition, nursery classes from age 3 are universally accessible and free of charge. These classes have very high coverage rates (95 to 98 percent). In principle, compulsory education finishes at age 18, but certain exceptions for apprenticeship agreements from age 15.

In terms of community education systems, De Rynck and Dezeure (2006) have noted a divergence between the French and Flemish Community since the federalization in 1988. Part of the difference relates to different financing structures: whereas the Flemish Community could provide additional finance for education by shifting funds from other policy domains (Flemish region and community are merged under a single institutional ‘umbrella’), the French Community could not. Policy-wise the different communities have applied different strategies. Whereas the French Community continued mainly in the path of the former unified Belgium system, Flanders has introduced more novel features such as performance targets for schools. A report by Education, Audiovisual and Culture Executive Agency (2012) confirms major differences between the Belgian Communities in terms of teacher evaluation. Moreover, the report notes, study allowances and grants are a community matter, granted based on family composition and income. The Flemish Community awards study grants to pupils and students from pre-primary education to secondary education. The German and French Communities award grants for (lower and higher) secondary education. In higher education, different policies apply as well, with each setting its own fees and French and German Community awarding loans, whereas the Flemish Community does not. (Education, Audiovisual and Culture Executive Agency, 2011)

Overall, expenditure on education services in Belgium is fairly equally distributed over the different quintiles, with a slight inverted J shape (highest share in the third and fourth quintile). Expenditure
on compulsory education is concentrated in the middle quintiles, whereas expenditure on tertiary education flows disproportionately to the higher quintiles.

Table 5.2. Distribution of expenditure on in kind education benefits by income quintile, 2007

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total education services</td>
<td>17%</td>
<td>19%</td>
<td>22%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Compulsory education</td>
<td>18%</td>
<td>20%</td>
<td>22%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Upper secondary education</td>
<td>19%</td>
<td>21%</td>
<td>21%</td>
<td>22%</td>
<td>18%</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>13%</td>
<td>15%</td>
<td>22%</td>
<td>22%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: OECD (2011)

The distributional effect of child care

From European perspective, Belgium has a fairly high coverage in child care. Provisions come both in the form of institutionalized day care centres and private but subsidized “care mothers”. Gross fees are strongly income related as well as partially tax deductible rendering child care close to costless for those with the lowest incomes. (Marx, 2009)

Still, the use of childcare is very unequally distributed among households. Previous research for Flanders has revealed that low skilled families and families with a migrant background have particular trouble attaining a childcare slot in time (due to an information bias, cultural constraints and lack of supply). Single parents seem to be doing better and are often able to find a suitable childcare place for their dependent child(ren) (Kind en Gezin 2009). Figure 5.11 shows, for Flanders, the use of formal (subsidised and privately-run) childcare by income deciles19. It clearly shows the bias against the lowest incomes.

---

19 Note that in these analyses income quantiles are defined solely for the population of households with children at an age that makes them eligible for childcare. In the OECD studies mentioned in the previous section (health, housing, education), the quantiles are based on the entire population.
Figure 5.11. Formal childcare use by income decile, Flanders, 2004-5

Source: Ghysels and Van Lancker (2009)

Figure 5.12. The social distribution of government investment in subsidized childcare, Flanders, 2005: Millions of euro, by income quintile

Source: Ghysels and Van Lancker (2011); (Van Lancker and Ghysels 2012).

Figure 5.12 shows the total government effort, i.e. the government investment in formal childcare, for Flanders in the year 2005. The very unequal distribution of public childcare efforts is striking. In other words, households in the highest quintile profit more of the public support for childcare than families from the lowest income quintile, taking the number of children using childcare, parental contributions and tax deductions into account (Ghysels and Van Lancker 2009; Ghysels and Van Lancker 2011; Van Lancker and Ghysels 2012) Not only is the use of childcare in Flanders biased...
against the lowest incomes, (scarce) government resources are allocated mostly to the households higher up in the income distribution.

5.6. Conclusion

A number of key features stand out in Belgian social policy. Wage formation remains highly coordinated and governed by an extensive institutional framework. The indexation mechanism is intended to safeguard the purchasing power of workers. Concerns for international wage competitiveness have led to benchmarking with neighbouring countries and a ceiling to the increases that can be agreed by the social partners. From the early 1990s, the gross minimum wage started eroding compared to the average gross wage. Taking into account benefits and taxes, there seems to have been a U-shaped pattern, with erosion of minimum to median wages between 1992 and 2001, followed by recovery up to 2009.

Belgium has an extensive welfare state. Tax revenue is fairly stable at over 40 percent of GDP. The main source of tax revenue is income tax, followed by social security contributions and consumption of goods and services. From an international perspective, Belgian taxes are strongly redistributive. There is no evidence that their redistributive effect has declined since the 1990s.

Social expenditure continues to represent a sizeable share of the GDP. By tradition, Belgian social expenditure is strongly geared towards cash transfers, with unemployment benefits a fairly large branch. Growing expenditure on pensions is offset by decreases in other posts, such as cash invalidity related payments and child benefits. While the indexation mechanism is designed to link benefits to inflation, stronger wage increase have led to substantial erosion of cash minimum benefits. Overall, persons relying solely on minimum benefit recipients face a high poverty risk.

In kind benefits represent a growing share of social expenditure. In some cases, the data suggest that these are redistributive: lower income groups benefit proportionally more from health care, secondary education and social housing. Yet, there are also a number of Matthew effects: Expenditure on child care and tertiary education is strongly concentrated among households with higher income. This finding that is highly compatible with low intergenerational mobility that was observed in previous chapters of the report.
## Log table of inequality and impacts in Belgium

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inequalities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposable income inequality</td>
<td>Stable</td>
<td>Slightly up</td>
<td>Stable</td>
</tr>
<tr>
<td>Wealth inequality</td>
<td>Up</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social impacts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Material deprivation</td>
<td>Down</td>
<td>Down</td>
<td>Down</td>
</tr>
<tr>
<td>Marriages</td>
<td>Down</td>
<td>Down</td>
<td>Stable</td>
</tr>
<tr>
<td>Divorces</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
</tr>
<tr>
<td>Fertility</td>
<td>Stable</td>
<td>Stable</td>
<td>Up</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
</tr>
<tr>
<td>Self-assessed bad health</td>
<td></td>
<td></td>
<td>Down</td>
</tr>
<tr>
<td>Chronic conditions</td>
<td></td>
<td></td>
<td>Up</td>
</tr>
<tr>
<td>Mental health</td>
<td></td>
<td></td>
<td>Fluctuates</td>
</tr>
<tr>
<td>Obesity</td>
<td></td>
<td></td>
<td>Up</td>
</tr>
<tr>
<td>Smoking</td>
<td>Down</td>
<td>Fluctuates</td>
<td>Fluctuates</td>
</tr>
<tr>
<td>Alcohol consumption</td>
<td></td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td>Problematic alcohol consumption</td>
<td></td>
<td></td>
<td>Up</td>
</tr>
<tr>
<td>Home ownership</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
</tr>
<tr>
<td>Victimisation</td>
<td>Up</td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td>Crime recorded by police</td>
<td></td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td>Prison population</td>
<td></td>
<td></td>
<td>Up</td>
</tr>
<tr>
<td>Happiness</td>
<td>Fluctuates</td>
<td>Fluctuates</td>
<td>Fluctuates/down</td>
</tr>
<tr>
<td>Intergenerational reproduction education</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td><strong>Political and cultural impacts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voter turnout</td>
<td>Slightly down</td>
<td>Slightly down</td>
<td>Slightly down</td>
</tr>
<tr>
<td>Share of invalid votes</td>
<td>Slightly down</td>
<td>Slightly down</td>
<td>Slightly down</td>
</tr>
<tr>
<td>Union density</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Political interest</td>
<td>Up</td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td>Discussing politics with friends</td>
<td>Up</td>
<td>Up</td>
<td>Stable</td>
</tr>
<tr>
<td>Trust in parliament/government</td>
<td></td>
<td></td>
<td>Down</td>
</tr>
<tr>
<td>Support for EU</td>
<td>Fluctuates</td>
<td>Fluctuates</td>
<td>Fluctuates</td>
</tr>
<tr>
<td>Most people can be trusted</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Votes for extremist parties</td>
<td>Up</td>
<td>Up</td>
<td>Fluctuates</td>
</tr>
<tr>
<td>In favour of migration stop</td>
<td></td>
<td></td>
<td>Fluctuates</td>
</tr>
<tr>
<td>Need is part of modern society</td>
<td>Up</td>
<td></td>
<td>Up</td>
</tr>
<tr>
<td>Attitude towards redistribution</td>
<td></td>
<td></td>
<td>Stable</td>
</tr>
<tr>
<td><strong>Policy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross minimum to median wage</td>
<td>Stable</td>
<td>Stable</td>
<td>Down</td>
</tr>
<tr>
<td>Net minimum to median wage</td>
<td></td>
<td>Down</td>
<td>Up</td>
</tr>
<tr>
<td>Tax % GDP</td>
<td>Fluctuates</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Social expenditure</td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
</tr>
<tr>
<td>Social expenditure on cash</td>
<td>Down</td>
<td>Down</td>
<td>Down</td>
</tr>
<tr>
<td>Social expenditure on services</td>
<td>Up</td>
<td>Up</td>
<td>Up</td>
</tr>
</tbody>
</table>
Annex 1: Income surveys in Belgium

The report builds on data from different income sources, the methodological particularities of which are outlined below.

The first data source for income is the Sociaal Economisch Panel (SEP), organized by the Centre for Social Policy (University of Antwerp) containing data for 1976, 1985, 1998, 1992 and 1997. The 1976 SEP only contains data on Flanders (omitting Wallonia and Brussels), and will therefore not be considered here. Second is the European Community Household Panel (ECHP) which was organized annually from 1994 to 2000. It was discontinued because it suffered panel attrition, as can be observed in the last column of Table 2.1 (strong decline in number of observations). Third, The European Union Statistics on Income and Living Conditions (EU-SILC), organized since 2003, for which we report data up to 2007.

The equivalisation scale used in these analyses is the modified OECD scale: it assigns value 1 for the first household member, added by 0.5 for every additional household member aged 15 or and 0.3 for every additional member aged under 15.

<table>
<thead>
<tr>
<th>Survey</th>
<th>Reference period</th>
<th>Income components (disposable income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEP</td>
<td>Monthly</td>
<td>Labour income (excl. premiums)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>income replacement benefits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>other income (education allowance, alimony, income from renting accommodation)</td>
</tr>
<tr>
<td>ECHP</td>
<td>Annual (previous year)</td>
<td>Labour income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>income replacement benefits, capital income, other (a.o. income from renting accommodation)</td>
</tr>
<tr>
<td>EU-SILC</td>
<td>Annual (previous year)</td>
<td>Similar to ECHP, with minor adaptations (neg. Income for self-employed is possible, income measured gross)</td>
</tr>
</tbody>
</table>

A number of alternative sources suggest different trends or levels of income inequality, compared to those presented in the report. The Panel Study on Belgian Households (PSBH) was an annual survey conducted from 1990 to 2002, collecting data on a wide range of household-demographic and socio-economic issues. From 1992, the survey also included a module on incomes, closely resembling the SEP questionnaire. The PSBH provided the basis for ECHP, in the sense that Eurostat applied a number of procedures on the data to harmonize them. However, the data and indicators were also available as such (without Eurostat procedures). (Cantillon, van Dam et al. 2003)
In spite of the similarities in questionnaires, both the average incomes and level of inequality recorded in PSBH were substantially higher than in SEP. Proost, van Dam et al. (1996) identify a number of explanations. For the income questions, PSBH respondents provided their answers more often in categories, whereas SEP included more ‘continuous’ income data. The SEP questionnaire explicitly excluded holiday allowances from labour income, while PSBH did not. For the Walloon region, white collar workers were over-represented (and blue-collar workers underrepresented) in the PSBH sample. More generally, validating against external sources, it appears that the PSBH underestimated the regional income gap between the Flemish and the Walloon region.

Data based on tax income show a steady increase, rather than stability in income inequality in Belgium between 1990 and 2008. However, these data have a number of important drawbacks. First, there is an issue of coverage: not all members of the Belgian population are required to file taxes. Second, fiscal households do not always correspond to actual households. Working adults or adolescents, cohabiting with their parents, are considered as separate households by the tax authorities. More generally, tax data have strongly fluctuated over recent years, with a growing number of ‘null’ values (Albrecht 2007).

Figure A. 1. Evolution of income inequality (Gini-coefficient) based on fiscal data (pre- and post-tax), Belgium, 1990-2008.
## Annex 2: Descriptives of population

Table A.2. Descriptives of population, 2009

<table>
<thead>
<tr>
<th></th>
<th>Total 100</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
</tr>
<tr>
<td><strong>Sex</strong></td>
<td></td>
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<tr>
<td>Male</td>
<td>49,2</td>
</tr>
<tr>
<td>Female</td>
<td>50,8</td>
</tr>
<tr>
<td><strong>Age</strong></td>
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</tr>
<tr>
<td>&lt;18</td>
<td>21,1</td>
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<tr>
<td>18-24</td>
<td>8,5</td>
</tr>
<tr>
<td>25-54</td>
<td>42,0</td>
</tr>
<tr>
<td>55-64</td>
<td>12,2</td>
</tr>
<tr>
<td>65+</td>
<td>16,2</td>
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<td><strong>Household type</strong></td>
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<td>Single, no children</td>
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</tr>
<tr>
<td>Single parent</td>
<td>6,5</td>
</tr>
<tr>
<td>Two or more adults, no children</td>
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</tr>
<tr>
<td>Two or more adults, with children</td>
<td>45,9</td>
</tr>
<tr>
<td><strong>Educational attainment (aged 18+)</strong></td>
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</tr>
<tr>
<td>ISCED 0-2</td>
<td>34,7</td>
</tr>
<tr>
<td>ISCED 3-4</td>
<td>34,4</td>
</tr>
<tr>
<td>ISCED 5-6</td>
<td>30,9</td>
</tr>
<tr>
<td><strong>Main activity status (aged 18+)</strong></td>
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<td>Employed</td>
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</tr>
<tr>
<td>Retired</td>
<td>21,6</td>
</tr>
<tr>
<td>Unemployed</td>
<td>8,0</td>
</tr>
<tr>
<td>Other inactive</td>
<td>19,3</td>
</tr>
<tr>
<td><strong>Country of birth (aged 18+)</strong></td>
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<tr>
<td>Belgium</td>
<td>85,6</td>
</tr>
<tr>
<td>Other EU27</td>
<td>7,0</td>
</tr>
<tr>
<td>Extra EU27</td>
<td>7,4</td>
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</tbody>
</table>

Source: Eurostat, based on EU-SILC 2010
Annex 3: ISCO Codes

International Standard Classification of Occupations

(ISCO-88 (COM))

1 Legislators, senior officials and managers
2 Professionals
3 Technicians and associate professionals
4 Clerks
5 Service workers and shop and market sales workers
6 Skilled agricultural and fishery workers
7 Craft and related trades workers
8 Plant and machine operators and assemblers
9 Elementary occupations
References


