

Report on the role of the public sector in Belgium

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In a 2,500 words (+/- 10%) report describe and analyse the role of the public sector in a chosen country. Conduct proper research and The areas of interest may include but are not limited to: the historic development of the public sector, the size of the public sector, taxation, welfare provisions, the role of state in the economy.

Any special aspects?

- I believe there is a wealth tax and/or higher than usual income tax
 - [Belgium, New Tax on Resident and Nonresident, KPMG Global](#)
- There's unusually high public spending in Belgium relative to other European countries. This is due to the decision to increase public spending made in 2008 following the financial crisis, aiming to increase economic activity and provide stability. (Which it did) since then though, public spending hasn't been radically changed.
- A quick search about the public sector in reference to Belgium revealed recent Labour strikes, heavily criticizing the public spending of the government. (What is this about, considering the last bullet-point?)

Executive Summary

Introduction

The monarchic constitutional federation of Brussels, divides power between the king as head of state and the prime minister as head of a multi-party government. The government is threefold and equally powered in decision making processes.

The three language and region based communities have different responsibilities to pursue. ¹ (Belgium is a official seat for European institutions.) With a declining population of 11.2 millions and same trend following GDP of 49,512 US\$ per capita, Belgium is a well-developed free market economy typical for its size and location within the Euro-zone. There's 7.1% unemployment in the labour force, though Belgium has the second highest social spending among the OECD countries and a total of 52.2% of GDP general government spending.

Belgium performs well in many measures of well-being relative to most other countries in the Better Life Index. Belgium ranks above the average in work-life balance, income and wealth, civic engagement, education and skills, subjective well-being, health status, social connections, and personal security but below average in environmental quality. These rankings are based on available selected data. Money, while it cannot buy happiness, is an important means to achieving higher living standards. In Belgium, the average household net-adjusted disposable income per capita is USD 29 968 a year, less than the OECD average of USD 30 563 a year. There is a considerable gap between the richest and poorest – the top 20% of the population earn about four times as much as the bottom 20%. ²

OECD Country Fact Sheet Belgium 2015

- 11.2M = Population
 - Declining population
- 49,512 US\$ per Capita = GDP
 - Declining GDP
- 7.1% unemployment of labour force
- 121.9% of GDP = government debt
- 117.4% of disposable income = household debt
- 12.1% of GDP = tax on personal income
- High increasing trend in spending in education
- 52.2% of GDP = General government spending
- 11,731.6 SDR millions in reserves
- 4.1% of GDP = corporate tax collected
- 44.6% of GDP = tax revenue
- 2nd highest social spending among OECD countries

¹Belgium | European Union. (2016). European Union. Retrieved 7 April 2019, from https://europa.eu/european-union/about-eu/countries/member-countries/belgium_en

²OECD Better Life Index. (2019). [Oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org). Retrieved 7 April 2019, from <http://www.oecdbetterlifeindex.org/countries/belgium/>

– [Social protection - Social spending - OECD Data](#)

- Highest OECD public unemployment spending, more than double that of the OECD average
 - OECD (2019), Public unemployment spending (indicator). doi: 10.1787/55557fd4-en (Accessed on 07 April 2019)-

Relative to average OECD public spending on labour markets, Belgium spends a high amount into PES (public employment services) or subsidies. There's a slight decreasing trend in said spending.

Public spending on labour market programmes includes public employment services (PES), training, hiring subsidies and direct job creations in the public sector, as well as unemployment benefits. PES includes placement and related services, benefit administration and other expenditure. Training includes institutional, workplace and alternate/integrated training, as well as special support for apprenticeship. Employment incentives includes recruitment incentives, employment maintenance incentives, and job rotation and job sharing. Out-of-work income maintenance and support includes full unemployment benefits, unemployment insurance, unemployment assistance, partial unemployment benefits, part-time unemployment benefits, redundancy and bankruptcy compensation. Data are based mainly on information about individual labour market programmes which appears in state budgets, and the accounts and annual reports of bodies which implement the programmes. This indicator is measured as a percentage of GDP.

- OECD (2019), Public spending on labour markets (indicator). doi: 10.1787/911b8753-en (Accessed on 07 April 2019)-

Pension spending is similar to Germany and Spain in terms of amount spent. There's a ¼ more spending compared to the OECD average.

[Belgium - OECD Data](#)

The role of the public sector in Belgium

As above mentioned, the role of the public sector is executed by the federal regional / language-based communities, the king has its role being subtle and discreet relative to the execute powers of the communities/regions.

"Belgium is a federal state, composed of communities and regions

The power to make decisions is no longer the exclusive preserve of the federal government and the federal parliament. The leadership of the country is now in the hands of various partners, who independently

exercise their authority within their domains." (Belgium, a federal state, 2013) ³

Presenting the survey in Brussels at a news conference alongside Belgian Prime Minister Charles Michel, OECD Secretary-General Angel Gurría said: "In a difficult global context, it is encouraging to see that Belgium's economy is gathering speed, albeit at a modest pace compared to pre-crisis levels. There is much to be positive about, and Belgium possesses the necessary determination to address the significant challenges it continues to face. A focus on public investment and tax and education reforms are important actions in order to boost growth and make it more inclusive, so everyone benefits." ⁴

The federal government is made up of 15 ministers having general executive and legislative power.

- Public spending:
 - Public Employment:
 - * [Working in the public sector - Région bruxelloise - Brussels Gewest](#)
- Taxation:

Ever since the introduction of the new legislation of Article 6 of the VAT Code of July 1, 2007 – which has been altered numerous times since then – a lot has changed for the Belgian governments. In general it can be said that the VAT duty has been extended.

- [Deloitte Belgium | Public Sector](#)

Conclusion

References

³Belgium, a federal state. (2013). Belgium.be. Retrieved 7 April 2019, from https://www.belgium.be/en/about_belgium/government/federale_staats

⁴Public investment, tax and education reforms will help bolster inclusive growth in Belgium - OECD. (2019). Oecd.org. Retrieved 7 April 2019, from <http://www.oecd.org/belgium/public-investment-tax-and-education-reforms-will-help-bolster-inclusive-growth-in-belgium.htm>