

Belgium

Unemployment insurance caught between pressure from Europe, regional controversy and fall-out from the crisis

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In Belgium, unemployment insurance has undergone a series of changes in recent decades. Its future is still a matter of debate. Just as in other EU countries, such discussions and reforms take place in the context of an economic, ideological, political and institutional framework common to all, albeit characterised by features specific to each country. While taking stock of the recent changes which have affected unemployment insurance in Belgium and of ongoing debate about it, this chapter will seek to present both the common and the specific aspects.

Characteristics of unemployment insurance in Belgium

There are certain features specific to Belgium in its current system of unemployment insurance¹. It was incorporated into the social security provisions applying to employees when these were first introduced in December 1944, and is funded through the National Social Security Office (NSSO). The main source of funding for the social security budget covering employees is contributions levied at source on their gross wage or salary. These contributions, which make up the workers' 'deferred wage', are subdivided into the employer's contribution and the individual employee's contribution². In addition to these contributions, the budget also receives input from the federal government (approximately 11% of

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1. On the historical bases of the Belgian unemployment insurance system, see Faniel, 2007 and 2009a: 106-107.
2. The employer's contribution amounts to around 33% of an employee's gross wage and is added to his/her pay, while the individual contribution is approximately 13% of the gross wage and is included within it. The net pay is calculated by subtracting from the gross wage not only the 13% personal social security contribution but also a variable amount of payroll tax (an automatic payment by the employee towards personal income tax).

the budget in 2007), together with what is known as ‘alternative’ funding, derived essentially from VAT and excise duties (17%)³.

The NSSO pays the budget allocation set aside for funding unemployment insurance⁴ to the National Employment Office (NEO), the public body which then disburses it to those entitled to unemployment benefit, early retirement benefit or career break allowances. The NEO is under the supervision of a management committee, made up of members appointed by the federal government, together with equal numbers of representatives from employers’ organisations and trade unions⁵. Four bodies act as payment agencies, disbursing unemployment benefit: the three trade unions (CCTU, GLFB and GCLTUB), which handle 85% of cases, and the Auxiliary Fund for the Payment of Unemployment Benefits (AFPUB), a public agency established for the express purpose of dealing with workers who do not wish to join a trade union. The NEO is also tasked with supervising the payment agencies, to ensure that they comply with the legislation. It is also the body responsible for monitoring and, where appropriate, imposing penalties on claimants who do not meet their obligations, or those who do not meet the eligibility criteria for receiving benefit. Lastly, the NEO management committee is consulted by the Minister for Employment, should (s)he wish to make changes to the legislation governing unemployment insurance.

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3. These two types of contribution have changed significantly in the last few years, *inter alia* to compensate for a number of reductions in social security contributions granted to businesses.
 4. A breakdown of contributions indicates that the proportion of gross pay levied in order to fund unemployment insurance is in principle very small: 0.87% of the individual contribution and 1.46% of the employer’s contribution (i.e. less than one fifteenth of the 13% and less than one twentieth of the 33%). However, since 1995, the way in which funding is allocated has been rendered more flexible, the NSSO determining the amounts needed in each of its sectors. In 2007, 15.73% of total expenditure on social security payments to wage earners was in the form of unemployment benefit. The largest amounts disbursed are for sickness insurance and incapacity benefit (45.05%) and retirement pensions (29.20%).
 5. The Confederation of Christian Trade Unions (CCTU), the organisation with the largest number of members since 1958, and the General Labour Federation of Belgium (GLFB) each appoint three representatives. The General Confederation of Liberal Trade Unions of Belgium (GCLTUB), a much smaller organisation, has one voting member. This allocation of seats has remained unchanged. The employers’ organisations also appoint seven representatives, from the Federation of Enterprises in Belgium (FEB) or from its sectoral federations. The remaining members of the management committee are two representatives appointed by the federal government, the chair (currently a former leader of the GFLB), and the two most senior officials of the NEO.

Role of the trade unions

The trade unions therefore have a twofold part to play in the system of unemployment insurance. Firstly they act as benefit payment agencies. To enable them to fulfil this role, a status of specific legal entity is conferred on them, distinct from their status as *de facto* associations for the exercise of their other activities. In practical terms, union staff meet with claimants in their local offices, where they compile case files for the jobless, making sure that all necessary documents are included, and then forward the files to the NEO. The NEO verifies the contents of the files, then transfers to the trade unions the funds needed to cover the amount of unemployment benefit to be paid, plus an additional sum (worked out according to the number of case files processed), to cover staff and operating costs incurred by the union in providing services to the unemployed. The unions then make the benefit payments. In practice they frequently anticipate NEO decisions and make payment to a claimant some days in advance. This practice, taken together with the fact that the unions have a substantial network of local offices, goes a long way towards explaining why claimants prefer to receive their benefit via their union rather than from the AFPUB⁶. Since the NEO monitors very closely how the money received by the unions to pay unemployment benefit is spent, it is not possible for this funding to find its way into union coffers. Indeed, the unions are legally compelled to reimburse the NEO from their own funds if they disburse amounts which should not have been paid.

The unions also play a part, along with others, in managing the NEO. What this means is that they are involved in drafting advice to be submitted to the government on how legislation in the field of unemployment insurance is evolving.

In addition to their role in the provision of unemployment benefit as such, Belgian trade unions offer other services to the unemployed. For example, in the event of a dispute between a claimant and the NEO, or of the claimant being required to attend a hearing with an NEO official, they provide individual legal assistance. Furthermore, since the early 1980s, some departments have been tasked with running 'unemployed workers'

6. On the impact of the trade unions' role in the field of unemployment benefit on union membership levels, see Vandaele 2006.

groups. These groups provide the unemployed with information, hold meetings and organise a variety of activities which may, in some cases, lead to a return to work (see Faniel, 2006a, 2009a: 112-114 and 2009b).

Rules governing entitlement to benefit

It is not only the way in which the unemployment benefit system works, but also the rules governing entitlement to benefit, established in Belgium at the time of Liberation, which have certain specific features not found in other countries. The first of these concerns the period of entitlement to benefit. Once (s)he has worked for a specified period of time⁷, any employee is entitled to claim unemployment benefit, provided that (s)he has become unemployed involuntarily and is available for work. This entitlement is in principle not time-limited, something which the Organisation for Economic Co-operation and Development (OECD), and other international institutions, have frequently criticised. The amount of benefit is, however, reduced after a specified period of unemployment. A further specific feature is that young people who have completed compulsory education, and have not found a job, are entitled, after nine months referred to as a 'waiting period', to what is known as an 'interim allowance', at a rate lower than that of unemployment benefit but subject to similar criteria (involuntary job loss, available for work, and benefits in principle not time-limited).

Rates of benefit

Since 1980, claimants have been placed in one of three categories, defined according to family circumstances. The rate of benefit varies according to whether the claimant is a 'head of household', a 'person living alone' or a 'cohabitant', and according to the length of time (s)he has been unemployed (Table 1). The rate of benefit is calculated as a proportion of last gross wage or salary, subject to an upper limit (€1,921 per month for all claimants up to 2009). A minimum amount is also stipulated. In some cases the gap between the maximum and the minimum amount is small, which significantly reduces the impact of both the proportional aspect of

7. As a general rule, the equivalent of 12 months in full-time employment in any 18 month period. The age and employment history of the claimant may, however, affect these parameters.

the benefit, and the insurance function of the unemployment benefit system. An increase in some rates of benefit since 1 January 2009 (see below) has only partially changed this state of affairs.

Table 1 Monthly rates of unemployment benefit in Belgium (December 2008)

Entitlement based on work (unemployment benefit)

	Head of household		Person living alone		Cohabitant	
1 st period (one year)	60%		60%		58%	
	min. €988	max. €1,144	min. €830	max. €1,144	min. €622	max. €1,106
2 nd period *	60%		53%		40%	
	min. €988	max. €1,144	min. €830	max. €1,010	min. €622	max. €763
3 rd period	60%		53%		Flat rate	
	min. €988	max. €1,144	min. €830	max. €1,010	€438	

* Three months, plus a period defined according to the person's length-of-work record

Entitlement based on education ('interim allowances')

	Head of household	Person living alone	Cohabitant
Under 18	€963	€274	€235
18-20		€430	
Over 21		€712	€374

Bearing in mind that the poverty threshold is set at €878 per month for a person living alone and €1,844 for a household (2007 figures, the most up to date available), the inadequacy of most unemployment benefit rates is appreciable⁸. Rates for 'interim allowances' are all less than €878, or €1,844 for young heads of household. Furthermore, the value of unemployment benefits has declined significantly over time. In 1980 the average rate of benefit was equivalent to 41.6% of average gross earnings in the private sector. This replacement rate had dropped to 21.7% in 2004.

8. In 2007 the average rate of unemployment benefit was €980.98 for a head of household, €857.74 for a person living alone and €679.90 for a cohabitant.

Large-scale unemployment but unevenly distributed

Unemployment became a major cause of concern as of the mid-1970s. Jobless figures in Belgium rose by almost 70% between January and December 1975. They increased almost five fold in a decade. The number of people out of work and claiming benefit, registered as jobseekers, was 100,000 in 1974 (i.e. 2.6% of the total workforce); by 1984 there were 500,000 (11.8%). Since then, this percentage has never fallen back below 7%, and hovers on average around 9%.

To tackle the situation, successive Belgian governments have deployed a variety of different instruments. A number of job creation schemes have been launched, sometimes using unemployment benefit as a means of reducing the employer's contribution to the worker's pay packet (a process described as 'activation of unemployment benefit'). Such practices have had limited results in quantitative terms and/or have contributed markedly to the decline in job quality, especially through the creation of 'sub-status' jobs, where those employed enjoy lower standards of protection than those covered by traditional contracts, whether fixed-term or open-ended. To reduce expenditure on unemployment benefits, the authorities have also, on several occasions, introduced greater stringency in the criteria governing entitlement and reduced the rates of benefit payable. Budgetary considerations, together with a desire to reduce the number of claimants, led to the introduction of the category of 'cohabitant' in 1980, stipulating a lower rate of benefit, as we have seen, as well as making it possible to refuse benefit to the claimant concerned if (s)he is unemployed for longer than the specified period⁹, thus significantly restricting the scope of the basic principle of entitlement with no time limit. It is worth noting that the overwhelming majority of cohabitants are women. Ultimately, a variety of different circumstances characterising unemployment has been identified, such that the numbers of people out of work and claiming benefit, registered as jobseekers, who made up 90% of the jobless total in 1975, and 85% in 1984, had fallen to 61% by 2004¹⁰. Official statistics usually refer only to those out of work and claiming benefit, registered as jobseekers, yet relatively little criticism

9. Varying according to sex, place of residence, etc.

10. Apart from those out of work and claiming benefit, registered as jobseekers, the category of 'out of work claimant' (*chômeurs complets*) also includes older workers, who enjoy special status and are, for the most part, no longer required to be registered as jobseekers, as well as some claimants dispensed from registration for, *inter alia*, 'social and family reasons'.

is voiced of their consequent underestimation of the phenomenon of unemployment.

Over and above its scale and persistence, unemployment in Belgium is distinguished by significant differences between regions. While all three regions making up the country suffered from an accelerated increase in the rate of unemployment initially, Flanders managed to slow down the rate quickly and, on the eve of the current crisis, some districts and sectors were even bemoaning labour shortages. The economic fabric of Flanders is relatively recent and advanced in its structure, which, together with the prosperity of the region, goes a long way to explaining this degree of success. The same does not apply to Wallonia, a region characterised by old-established industries, which bore the brunt of the crisis in coal mining, then in the steel industry as well as in other sectors, nor to Brussels, a region of huge economic importance but in which jobs are largely done by Flemish or Walloon workers, and where a substantial proportion of the resident population is of immigrant origin, frequently less highly skilled and the object of discrimination when applying for jobs. In 2006 the number of people out of work and claiming benefit, registered as jobseekers, was approximately 12.4% of the total number of those in paid work in Belgium. In Flanders the figure was 7.8%, while in Wallonia it was 19.4%, and in Brussels 21%¹¹. The current crisis is, however, changing this scenario somewhat.

Jobs and unemployment at the heart of the debate about the regions

For some years these discrepancies have been the subject of trenchant criticism in Flanders. As we have seen, social security, including unemployment benefit, is the competence of the federal authorities. The three regions, each with its own Parliament and government, have, however, had some competence in the area of employment policy since the 1980s¹², while other powers are retained by the federal government. The main political parties in Flanders, and Flemish employers, have

11. These data are available only as a percentage of the number of wage earners, not as a percentage of the total workforce.

12. The government of the Flemish Community, which exercises the powers of the Flemish Region, and its counterpart in the Walloon Region, were appointed for the first time in the winter of 1981-2, while the Brussels-Capital Region was not created until 1989.

levelled criticism at the cost to their region of the persistently high levels of unemployment in Wallonia and Brussels. They advocate a substantial transfer of additional powers from the federal authorities to the regions, to enable the regions, in their view, to implement the employment policy needed to solve their particular problems: unemployment in Wallonia and Brussels; a shortage of labour and low rates of employment among older workers in Flanders (Palsterman, 2007).

The regions are empowered to grant recruitment subsidies, in particular by authorising a reduction in employers' contributions, targeting particular groups which they regard as a priority for assistance. They also have the responsibility of helping the jobless to find work. Initially the NEO exercised two functions in dealing with the unemployed, since it was responsible for job placement but also for policing benefit claims. Throughout the 1970s, the unions were increasingly vocal in their criticism of these two tasks being entrusted to one and the same body, taking the view that it is not possible to gain the confidence of the unemployed, necessary to help them find work, while simultaneously being responsible for imposing potential penalties on them. In 1978, the functions of job placement and supervision of the unemployed were therefore separated into distinct departments within the NEO. Institutional reform, brought in ten years later, moved things a step further. The NEO retained its policing function, while that of job placement was devolved to the regions. Each region has set up a public body specifically to discharge this responsibility. In Flanders, as well as in the Walloon Region, the same body is also in charge of providing training opportunities for job seekers¹³.

We have seen, then, that policies for dealing with employment and unemployment are in part the purview of the federal authorities, and in part that of the regions. This division of responsibility has, for a number of years, been the subject of demands for, and negotiations on, institutional change, which still exercise the minds of those involved in social and political debate in Belgium. As we shall see, this is not without consequences for reform of the Belgian system of unemployment insurance.

13. The situation is slightly different in Brussels, where there are separate bodies responsible for training and for job placement. The German-speaking Community, too, has its own job placement organisation.

Employment and unemployment subject to international influence

When comparing unemployment insurance in a number of European countries, C. Lévy (2003) and her colleagues demonstrated that each system has evolved in its own way, but that a degree of convergence was detectable even before the establishment of the European Employment Strategy (EES). The fact that they were all confronted with the same rapid increase in unemployment, and consequent increase in cost, is undoubtedly one of the factors responsible for systems having developed in similar ways and at much the same rate. This similarity is, however, also a result of a change in economic policy and, more broadly, in the paradigm relating to social security mechanisms since the beginning of the 1980s, moving away from the Keynesian framework and its philosophy of protection for workers, towards a neo-liberal reasoning, advocating rather the competitiveness of businesses (see for example Pierru, 2005). OECD and, in some cases, International Monetary Fund recommendations have encouraged such changes (Cordonnier, 2006; Dubois, 2007). Drawing on a significant body of literature on economics, these institutions frequently characterise unemployment insurance as too generous, standing in the way of proper adjustment of the labour market, and, by paying what they refer to as ‘passive benefits’, discouraging the unemployed from seeking work (Cordonnier, 2006). Thus the reports produced by these bodies call for ‘social assistance and protection systems to be rendered less “attractive”’: more stringent eligibility provisions, shorter benefit periods, requirements to be imposed in return for benefit, and more rigorous monitoring, all of which are practical “solutions” and a logical extension of the principle of “valuing work” (Dubois, 2007:83).

As of the end of the 1990s, the EES reinforced these trends and established them still further within a common framework. The EES takes second place to the European Union’s Broad Economic Policy Guidelines (BEPG), which call on Member States, among other things, to bring down their budget deficits, while the EES itself is aimed at improving rates of employment, especially in specific categories of the workforce (women, older workers etc.). In some respects the EES can be viewed as a policy designed to make the labour market flexible and provide a buffer of unemployment sufficient to restrain wage increases (Conter, 2007). In this context, the EES implicitly supports more rigorous monitoring of the unemployed, ensuring that the training they undertake and their efforts to find a job – the effectiveness of which is carefully

monitored – keep up the pressure on those who are in paid employment (Conter, 2007; Dubois, 2007). While it is not necessarily at the forefront of public debate in individual countries (Lahusen, 2007), the EES nonetheless exerts an influence on the way in which EU countries formulate their policy on employment, and on reform of unemployment insurance, and it has had serious consequences in terms of undermining social protection, together with making employment more flexible and less secure (Chabanet, 2007: 165-166).

Reform of social assistance, unemployment insurance and early retirement provisions

It was against this background of Europeanisation, of the quest to balance budgets and of pressure from the regions, that the federal government in Belgium implemented a package of reforms in the early 2000s, affecting three areas more or less directly linked to unemployment insurance.

In 1974 the minimum subsistence income, known as the ‘minimex’, was introduced (outside of social security) as a payment made to those in need who have no job and who are not entitled to social security benefits such as unemployment benefit. Since the 1980s an increasing number of unemployed people, categorised as cohabitants, having been refused unemployment benefit because they have been unemployed for an ‘abnormally long’ period, have turned to (municipal) welfare centres which pay the ‘minimex’. In 2001-2002 the government replaced the ‘minimex’ with what it termed the ‘social integration income’ (RIS)¹⁴. Hiding behind an argument purporting to stress ‘the right to social integration’, this reform reinforced the obligation imposed on applicants, especially those under 25, to accept a job or training course, including those which do not meet the criteria for ‘suitable’ employment commonly used in the context of unemployment insurance¹⁵, and to sign a ‘social integration contract’ committing themselves vis-à-vis the public authorities to taking certain steps. In addition, the welfare offices themselves are increasingly offering atypical and casual jobs to

14. The current amount paid as RIS (1 June 2009) is €484 per month for a cohabitant, €726 for a person living alone, and €968 for a head of household. These amounts are all – by a considerable margin – below the poverty threshold defined for a person living alone (€878) or for a family (€1,844).

15. The ‘law on the right to social integration’ refers to ‘appropriate’ employment.

beneficiaries. This policy of putting welfare beneficiaries to work is a clear expression of the determination to increase the rate of employment in the Belgian population, not least among its most vulnerable groups (Faniel, 2006b).

More rigorous monitoring of unemployed

In 2004 the federal government introduced substantial reform of the provisions governing monitoring of unemployed (Faniel, 2005). First of all it tabled a cooperation agreement, for signature by the regional governments¹⁶, whereby bodies acting as job placement agencies undertake to provide the NEO more quickly with more detailed information collected about claimants, relating to any job offers turned down or failure to attend job interviews. Not only does this agreement respond to employers' demands, it is also a riposte to Flemish criticisms that unemployed in Wallonia and Brussels are less likely to face penalties than their 'colleagues' in Flanders, despite the fact that the former outnumber the latter. It also forms a part of the overall picture of more rigorous monitoring of claimants. In Belgium, this redefinition of the relative importance attached to the job placement function and to that of monitoring claimants, must be viewed against the background of how responsibility is shared by the various institutions, and of disputes between regions.

Furthermore, the federal Minister of Employment at the time, Flemish Socialist F. Vandenbroucke – a proponent of an 'active welfare state' in Belgium – instituted a new system for tracking unemployed, officially for the purpose of providing them with extra help in finding a job. Any claimant who has been out of work for a certain length of time¹⁷ is called in by the NEO for a one-to-one interview, at which (s)he must demonstrate that (s)he has been actively looking for work. This, therefore, fundamentally changes the whole philosophy underlying unemployment insurance in Belgium. Not only is it no longer enough for the unemployed to be available for work, but (s)he is now also responsible for providing evidence that (s)he is actively looking for work. If the outcome of the

16. And that of the German-speaking Community. It should be noted that the Flemish Community has regional competence in this area.

17. 15 months for under 25s, 21 months for over 25s.

interview is positive, the claimant will be required to attend a further interview 16 months later. Should his/her efforts to find work be deemed inadequate, the claimant must enter into a contractual obligation to take a specified number of steps to look for a job (sending letters of application, registering with a temping agency, etc.). A second interview must then be scheduled four months later to assess compliance with the conditions stipulated in the contract. Should the second interview prove unsatisfactory, the claimant is subject to a penalty, which could, at worst, amount to suspension of benefits. A fresh contract is then signed, in general more stringent¹⁸. The third interview, again after a further four months, may result, for any category of claimant, in their being excluded from access to unemployment insurance. This system was brought in gradually, applied first to unemployed under 30, before being progressively extended to cover any claimant under 50; the new rules have since been reviewed and amendments introduced, to which we shall return later.

With the employers' backing, this reform of monitoring for unemployed is entirely consistent with the EES, and indeed looks remarkably similar to it, as demonstrated by the fact that the minister's announcement of it laid considerable stress on the dimension of assistance to claimants, while the NEO has authority only for monitoring. The consequences of this provision are also a perfect match to those sought by the EES. For instance, it quickly became clear that claimants entering into such contracts were frequently being urged to register with temping agencies, thereby contributing to the development of this particular form of employment. The succession of interviews and their potential consequences (reduction or suspension of benefits, followed by possible exclusion from access to unemployment insurance) puts intense pressure on unemployed and often has an extremely painful impact on them psychologically.

This new monitoring instrument also has implications for the debate between the regions. With its lower rate of unemployment and public finances in rather better health, Flanders can offer its claimants much more by way of assistance upstream of the – federal – monitoring process

18. Despite the fact that, as those opposing this reform have pointed out, the claimant is deprived of his/her means of subsistence, in whole or in part, making it yet more difficult to afford what is necessary to find a job (postage, transport costs, etc.).

than can the regions of Wallonia or Brussels. Conversely, municipal welfare centres in Wallonia and Brussels complain much more of the increased burden on them, deriving from unemployed people penalised by the new procedure. While designed to reduce differences between regions, the new rules have thus partially had the effect of increasing the burden on some of them. They have also caused a change in the behaviour of some stakeholders. For instance, the Wallonia Region initially opposed the conclusion of the agreement requiring regional job placement agencies to forward information to the NEO. It subsequently agreed to a slightly amended text. Since then, whenever the NEO publishes figures on penalties applied to claimants, the Walloon government expresses satisfaction that this sharing of data is equivalent to the system in Flanders and has meant that Walloon unemployed are now penalised just as much as their counterparts in Flanders.

Reform of early retirement provisions

Confronted with major restructuring occurring in a number of industrial sectors, unions and management worked out, in the course of the 1970s, a range of early retirement arrangements. They offer those who have been in work for a relatively long time the opportunity to retire early, perhaps freeing up jobs for young workers, and have the not inconsiderable advantage of attenuating the social cost of collective redundancies, which is why the employers have long shown great interest in them, and indeed many companies still do, even more so in times of crisis. Early retirement usually combines intervention from the NEO, in the form of an allowance paid to the early retiree, with a supplement paid by the employer who has dispensed with his/her services.

In 2005 the government decided to make swingeing cuts in early retirement opportunities, emphasising the need to tackle the cost of an ageing population and to increase the rate of employment among older workers. While the employers supported this process, the unions opposed it and called the first general strike in twelve years (Moulaert, 2006). Here again, the indications in the EES, and the insistent recommendations from the EU to Belgium on the subject, gave the Belgian government every encouragement, following the example of its counterparts in other European countries, to embark on this reform. Once again, such changes have their effects, and the issues are viewed differently depending on the region. While in Flanders employers

complain of a labour shortage, and many older workers there have left the workforce, in a region such as Wallonia, where unemployment rates remain particularly high, the idea of keeping older people in jobs seems more surprising.

Debate on the eve of the crisis

In the course of half a decade, the main facets of Belgian unemployment insurance, and of social assistance paid *inter alia* to those excluded from insurance, have changed considerably. Continuing previous trends, the EES had a major impact on decision-making. Disputes between regions also shaped some of the reforms introduced, in particular compliance monitoring systems for claimants, and the relationship between the NEO, a federal body, and the regional job placement agencies.

Belgium's institutional debate still casts a shadow over prospects for the future of unemployment insurance. Some groups in Flanders are openly demanding that their social security system be separate, and are calling for independence for Flanders. Should this happen, the other two regions, on their own, would have to meet significant costs or would have to make the choice of drastically cutting expenditure linked to unemployment benefit. Flemish opponents of this prospect fear that this would mean the unemployed in Flanders would also be put to severe test, and that their level of protection would be reduced by a Flemish government characterised by the ideology advocating an 'active welfare state'.

While they do not subscribe to this line, the main Flemish political parties are nonetheless insisting on the regions accepting greater 'responsibility' for the fight against unemployment. The liberal parties go further, demanding a time limit on payment of benefits.

This demand was not included in the government agreement signed, after protracted negotiations, by the French- and Flemish-speaking Liberals, the Flemish Christian Democrats, the French-speaking Centre Party (formerly the Social Christian Party) and the French-speaking Socialists. However, there is in the agreement a decision to reduce the amount of benefit paid more quickly, without lowering the minimum sums, in exchange for higher rates of benefit at the start of the period of unemployment.

Moving towards another change in the monitoring of unemployed

In May 2008, the new federal Minister of Employment, from the French-speaking Centre Party, tabled a plan following on from a review of the procedure for monitoring claimants introduced in 2004. Under the new rules, the unemployed person would be required to sign a contract, not with the NEO, and not only if (s)he has been unable to prove (s)he is actively looking for work, but automatically with the regional job placement agency in advance of any form of monitoring. Furthermore, the time lag between the onset of unemployment and the first interview would be considerably shorter. The implications of these changes are multiple. Unemployment benefit would be construed even more as a *quid pro quo* for action to be taken by the individual, rather than, as previously, an entitlement. All unemployed would be under suspicion of not actively seeking employment. Greater emphasis on the monitoring function attributed to job placement agencies would be confusing to claimants and constitute a return to the situation pre-1978. Finally, in spite of their limited financial margins, the Wallonia Region and the Brussels-Capital Region would have to make a much more significant proportional increase in funding invested in this aspect of claimant monitoring than Flanders, which is the region calling for the reform.

The employers have backed this plan and, more generally, all changes likely to lead to more rigorous claimant monitoring procedures. The unions, however, have shown less enthusiasm. They too have their differences of opinion on the way in which Belgium's institutions should be developing.

Debates sparked by the crisis

The economic and financial crisis which struck Belgium in the autumn of 2008 changed the terms of the debate, at least in part. Unemployment is once again on the rise. Initially temporary contracts were not being renewed. Then it was the turn of fixed-term contracts. At the same time there were many more companies going bankrupt or having to restructure, speeding up the trend. The Federal Planning Bureau is forecasting an explosion of unemployment, likely to affect 800,000 workers in 2011, i.e. 15.5% of the total workforce. This would be an all-time record, more than a third higher than the previous record of 11.8% in 1984.

Flanders seems to be most affected by the increase. Its starting rate of unemployment is low, but it is a region characterised by high-tech industries and branches of multinational companies, thus extremely sensitive to economic fluctuations. The crisis in motor manufacturing, a major provider of jobs in Flanders, has plunged the region into contemplation of a bleak future. In comparison, Wallonia and Brussels, already badly hit by unemployment, have suffered less from the current increase. This change in the unemployment situation may well have an impact on politicians' and trade unionists' perspectives on the subject. Is it still possible to make the case for an 'active welfare state' exactly as before, along with its contention that unemployment is a matter of individual responsibility, at a time when huge numbers of jobs are being cut, manifestly as a result of the crisis?

The current crisis has already led to several changes in the unemployment benefit system. In December 2008, negotiators representing unions and employers, meeting to work out the biennial Interprofessional Accord (IPA), decided to increase rates of unemployment benefit. All minimum amounts were increased by 2%. In addition, all benefits paid in the first months of unemployment were raised, taking into account two parameters: the amount of benefit as a percentage of pay lost (capped), and an increase in the ceiling for calculating the percentage¹⁹. On the other hand, there has been no change in 'interim allowances'.

Table 2 Monthly rates of unemployment benefit in Belgium (October 2009)

Entitlement based on work (unemployment benefit)

	Head of household		Person living alone		Cohabitant	
1 st period (6 months)	60%		60%		60%	
	min. €1,008	max. €1,324	min. €847	max. €1,324	min. €634	max. €1,324
2 nd period (6 months)	60%		60%		60%	
	min. €1,008	max. €1,234	min. €847	max. €1,234	min. €634	max. €1,234
3 rd period*	60%		55%		40%	
	min. €1,008	max. €1,153	min. €847	max. €1,034	min. €634	max. €769
4 th period	60%		55%		Flat rate	
	min. €1,008	max. €1,153	min. €847	max. €1,034	€447	

* Three months, plus a period defined according to the person's length-of-work record

By this means, unions and management have without question improved the living conditions of certain number of unemployed people. Equally they have responded to the government's requirement for a speedier reduction in benefit rates, while increasing some amounts. However, it should be noted that the main beneficiaries of the new measures are the recently unemployed, those who lost their jobs after 1 October 2008, in other words those affected by the current crisis. As for the others, in particular the long-term unemployed, the improvement is less substantial, or even non-existent unless they manage to find a job and keep it for at least a year, which in present circumstances seems more theoretical than real.

The IPA has also substantially improved benefits for those workers placed on 'temporary unemployment'. A form of unemployment for blue-collar workers only, its use has increased significantly: +70% in February 2009 compared to February 2008 (Van Gyes, 2009). This mechanism makes it possible to reduce the loss of income incurred by workers, who retain their contract of employment and their links to the company. It is also of benefit to the companies concerned, enabling them to reduce the wage burden while retaining their workforce, which can then be redeployed once the order books fill up²⁰.

This use of temporary unemployment has also given rise to lively debate. Since the autumn of 2008, employers' organisations have sought to extend the practice to white-collar workers. The trade unions, however, put up a long fight against any such extension, stressing the loss of income which would be experienced by the workers concerned, as well as the cost to society as a whole, and highlighting the existence of other means of making an overall reduction in working time. This issue, furthermore, affects the whole question of harmonisation of the status of blue-collar and white-collar workers, a sensitive area of debate between unions and management for many years. After a breakdown in negotiations, and only after intervention by the federal government, an agreement was reached and came into force in June 2009. In the view of

19. €1,921 gross for all before 2009, thereafter €2,206, €2,056 or €1,921, depending on the payment period (1st, 2nd, 3rd, 4th).

20. Such is, incidentally, the other face of the 'industrial reserve army' as defined by Marx (1867: Chapter XXV): by ensuring that a buffer group of people remains without jobs, capitalists can not only exert downward pressure on working conditions and pay for those in the workforce (the 'industrial army') but also have available a reserve of labour to call on when required by an upturn in economic activity.

several observers, it amounts to an extension of temporary unemployment by any other name, valid for a period theoretically limited in time.

The emergence of the present crisis may well lead to some demands being put back on the table. Despite the dramatic deterioration in the employment situation, the NEO is pressing on with its task of monitoring claimants' compliance with the requirement to take steps to find a job. Voices are, though, beginning to be heard, especially in trade union circles, calling for a halt to such measures in a time of crisis or, at the very least, demanding that no penalty be imposed on claimants if they have not been made an offer of suitable employment by a job placement agency. Unless this change is made, an increasing number of unemployed people will be subject to monitoring, just as announcements of redundancies are growing in number. The only good news on the jobs front is that more monitoring staff will have to be taken on.

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