The political economy of the social dimension of economic and monetary union
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Chapter 4. The European Semester in Belgium: the domestic institutional and policy context

As mentioned in the literature review and the research design chapter, few authors have focused on the specific ways that the European Semester functions at the national level. So, before moving to the in-depth cases, I attempt to first give a comprehensive picture of the wider Belgian political, social and economic context. For this reason, this chapter analyses the intermediate factors which shaped the Semester’s effects on domestic policies but also describes in detail the practices and inclusion of Belgian actors into the new socio-economic coordination framework. The following section gives an overview of the Belgian parameters which are relevant to the Semester’s impact, while the last section specifies how its processes have been rolled out within the Belgian context.

4.1 Mediating factors influencing the Semester’s impact in Belgium

Before researching the effects of the European Semester on Belgium’s policies, it is necessary to understand the broader context in which these took place. The characteristics of a country linked to its political institutions, historical development, economic circumstances and political culture are factors which shape in a tremendous degree the national perception and behaviour within the procedures of the ES. In the next sub-sections I analyse four relevant factors: the economic situation of Belgium, the support towards the EU, the agenda of the different government coalitions and the Belgian federal system.

4.1.1 The fiscal, budgetary and macroeconomic situation of Belgium

The budgetary and fiscal situation of Belgium plays an important role in the implementation of the Semester’s rules. As part of the Benelux constellation, the country pursued a stable macroeconomic policy and aimed at a monetary policy aligned with that of Germany long before 1992 (Kurzel, 1995). Yet, as Jones remarks (2005: 173), Belgium’s fiscal policies were not that strict compared with the EMU rules. Since the introduction of the Euro convergence criteria set in the Maastricht Treaty and even afterwards, with the establishment of the SGP in 1997, the country made considerable efforts to abide by the EU rules. Already by 2001 the country had impressively changed its national fiscal rules in order to fit the Maastricht criteria (Hallerberg, 2003: 17) – thus being one of the ‘best pupils’ along with the Netherlands, Denmark and Luxembourg (Cordes et al., 2015: 8). As the successive governments were absolutely committed to the multiannual budgetary plan set by High Council of Finance (Hallerberg, 2003: 16), an independent institution at the national level, Belgium showed an ‘impressive record of fiscal consolidation’ (IMF, 2015) for the period 1995-2007 aligned with its obligations towards the Maastricht criteria: public debt was reduced thanks to consecutive high primary surpluses (with an average of 4.8% of GDP), strong economic growth and the declining interest rates in government bonds. However, the country’s debt rose substantially from 87% of GDP in 2007 to 106.0% of GDP at the end of 2015 due to a combination of factors such as the financial crisis, the lower growth rate, the financial support for the banks and the contributions to other Euro area MS (European Commission, 2014). Belgium experienced high economic growth rates right after
the wake of the financial crisis (2010-2011) which, however, fell flat in 2012 and 2013. Eventually growth returned but with a lower rate compared to the pre-crisis levels, at 1.3% of GDP in 2014 and at 1.4% of GDP in 2015.

Belgium coped well with the direct effects of the 2008 financial crisis, thanks to its automatic stabilisers and the adoption of measures of fiscal stimulus. Nevertheless, these weighed heavy in its 2009 budget, which deteriorated in 5.9% of GDP from 1.2% of GDP the previous year. Since the Commission projections predicted that the deficit would only stabilise in 2011, on 2 December 2009 (Council Decision 2010/283 EU) the Council took the decision to initiate the Semester’s corrective arm, the EDP, as prescribed in article 126(7) TFEU, in order for Belgium to correct its deficit by 2012. Consequently, during the next three years the Belgian authorities took ‘effective action’ by adopting several budgetary-related measures: on the revenue side, the measures included an increase in income tax, in the excise duties on diesel and in taxes on products, while on the expenditure side the measures took the form of reductions on the cost of public administration and healthcare (European Commission [2013a]: Table 6). However, due to the simultaneous increase in certain expenses like welfare adaptations of social benefits, the expansion of wage subsidy schemes, the increased subsidies for clean cars and the unexpected financial support of Dexia bank, the effects of the above-mentioned efforts were partially offset. In fact, the period 2007 to 2012 was very troubled for the political situation of the country and from 26 April 2010 until 6 December 2012 an interim government was put in charge. In order to cope with the harsh social effects of the crisis, which was the priority, the interim government of Yves Leterme increased expenditures in social benefits and wage subsidies, at the same time having a significant reduction of the deficit from 5.9% of GDP in 2009 to 3.8% of GDP in 2010. But being a caretaker government, it was institutionally constrained from passing wide structural reforms, something that was reflected in the marginal debt reduction within 2011, reaching only 0.01% of GDP (European Commission, 2013a). The deficit of the following year reached 3.9% of GDP, but Belgium failed to correct it within the given deadline and was asked to obtain an extension to reach its deficit benchmarks by 2013. In its notice of 21 June 2013, the EU Council asked for additional measures for deficit reduction. These referred primarily to the field of pensions, for example increasing the effective retirement age and linking the statutory retirement age to life expectancy, as well as to other reforms of macroeconomic character. The country’s bad fiscal situation played a significant role in the implementation of the Semester fiscal rules, a fact which became more visible after the stabilisation of the political situation in Belgium. The Government of Di Rupo, which was sworn in December 2011, took swift measures to ensure the sustainability of pensions and reform the unemployment benefits system. At the same time, with the Sixth State Reform the Belgian Regions became competent for targeted policies in the labour market, contributing to macroeconomic measures for competitiveness. Due to “significant fiscal consolidation” efforts – in the words of the Commission in its recommendation COM(2014) 437 final abrogating the EDP - the new Belgian government managed to reduce the deficit to 2.6% of GDP for 2013 and to improve its projections for the next two years. Based on these, the Commission and the Council acknowledged that the deficit had been corrected and on 20 June 2014 they abrogated their previous decision for Belgium to enter the EDP.

After the 2014 abrogation of the decision not to enter the EDP, Belgium was put under a three-year transition period (2014-2016) to comply with the debt reduction benchmark. As a result, the Commission continued to produce annual reports, as the first step of the EDP procedure
according to article 126(3) TFEU, analysing the risks and factors leading to a potential non-compliance with the debt and deficit reference values. Despite the fact that the country continuously surpassed the maximum deviation conditions for the set debt reduction targets during the three-year transition period, the Commission eventually agreed with the country’s compliance with the debt criterion. In 2013 and 2014 the country’s annual deficit ranged around 3% of GDP (3% of GDP in 2013, 3.1% of GDP in 2014) however, from 2015 onwards the deficit ratio decreased (to 2.5% of GDP in 2015, 2.6% in 2016 and an estimated 1.7% in 2017). In fact, in its draft budgetary plan of November 2014, Belgium was at risk of non-compliance with the debt criterion and only after a series of structural measures did the Commission made a positive evaluation (Chambre des Représentants de Belgique, 5 May 2015).

2015 was the first year that Belgium experienced a decrease in its debt-to-GDP ratio since 2007. Prima facie the Commission considered that the debt reduction criterion was not fulfilled, while remaining high at 106% of GDP. However, the presence of other relevant factors such as ‘unfavourable economic conditions’, the expected compliance with the goals of the MTO and, most notably, the future implementation of ‘ambitious growth-enhancing structural reforms’, led to the Commission’s decision that Belgium had complied with the SGP rules. The debt-per-GDP ratio also kept decreasing the following year (105.9% of GDP) but Belgium requested to temporarily deviate from the adjustment measures towards the MTOs due to unusual events as prescribed in the articles 5(1) and 6(3) of Regulation EC 1466/97, referring to the arrival of refugees and the security measures after the terrorist attacks. As a result, after having taken into consideration the SGP’s rules allowing for flexibility, the Commission judged that in 2016 Belgium was compliant with its debt benchmark. Since Belgium did not manage to lower its debt in 2017 in accordance with the debt reduction rate, there is a real risk of non-compliance with the adjustment path towards the MTO.

Under the shadow of a new EDP opening, the Commission required additional budgetary measures for correction within the same year (Le Soir, 22 May 2017). As a response, in its recent letter of 9 May 2017, the government of Charles Michel announced that it would take further measures of fiscal consolidation. Despite the pressuring circumstances, the Commission has repeatedly underlined how the Belgian government since 2015 has implemented several substantial structural reforms, notably in the area of pensions, labour market competitiveness and taxation. It is notable that although many among these reforms did not have a direct fiscal character, the Commission judges that they contributed to the macroeconomic stability of the country, thereby helping to lower the deficit in the medium and long term. From 2012 to 2015, the in-depth reviews of the Commission towards Belgium signalled that the country experienced macroeconomic imbalances, due to external competitiveness and public indebtedness. In fact, the relationship between the SGP and the MIP as well as between their pressure mechanisms has not been entirely clear (EMCO, 2016; European Commission, 2016b). But the fact that Belgium was taken out of the MIP when the current government passed structural reforms in policies linked with competitiveness issues, such as the wage indexation system and lower labour taxation, shows that the improved economic prospects also play a role.

To sum up, Belgium’s economic and budgetary situation was a driving force to abide by the relevant rules at the EU level. The economic downturn of Belgium due to the financial crisis and its subsequent submission to the EDP in 2009, propelled political actors to take decisive measures. Even after the abrogating decision of 2014, when the country’s recovery was still fragile, the new government continued a wide array of reforms to meet its budgetary goals. Additionally, the
adoption of macroeconomic measures contributed to the lenient interpretation of the Semester rules.

4.1.2 Support for the EU by Belgian political elites and the public

The Europhile attitude of Belgium is a considerable factor in influencing the impact of the European Semester rules. Belgium was always one of the founding countries pushing for deeper European integration, with its elites already playing a significant diplomatic role from the creation of the European Coal and Steel Community and the European Economic Community. During its 2000 presidency, with the 8-page ‘Laeken declaration’, Belgium put on the table the issue of the institutional reforms in the EU after the Nice Treaty and the drafting of an EU Constitution (BBC, 26 June 2001). The stable support by the political elites and the public for the EU can be explained when taking into consideration Belgium’s economic and ethnic characteristics. Being a small country which relies on trade and foreign investment, Belgium understands the European single market and the EMU as a vehicle of prosperity and stability. It is notable that the country was very active in the creation of these two constructs (Maes and Verdun, 2005) since historically its top four trading partners have been Germany, France, the Netherlands and the UK in that order (Workman, 26 May 2017). In addition, its dynamic presence in the EU institutions and its good record of alignment with the European project enhances the position and bargaining power of the country in the eyes of its more powerful neighbour states (Heine, 2016).

Even during the sovereign debt crisis, the belief of the Belgian politicians and public in the EU construct remained strong, and they were primarily concerned with the management of the Eurocrisis (Jadot and Kebel, 2014) - without of course the lack of social concerns by the parties of the left such as the Greens and the French-speaking Socialist Party. During the Belgian Presidency of the European Council from July to December 2010, the caretaker government of Yves Leterme underlined the need to promote social inclusion and cohesion and to fight poverty (stating that it was "very important in our eyes" according to Euractiv [18 February 2011]). The Presidency was considered a success but in reality Belgium could not be active in advancing any agenda on its own due to the internal political stalemate. By coincidence, at the very beginning of the Presidency, the ECOFIN Council endorsed the creation of the European Semester (Van Hecke and Bursens, 2011). At the same time, in May 2010 the Belgian Christian-Democrat Herman Van Rompuy, as the newly-appointed President of the EU Council, formed a Task Force, with the goal of exploring how the EU’s economic governance could be strengthened (EUobserver, 14 September 2010). According to Vivien Schmidt, the fact that Van Rompuy happened to be in that position “was equally important in building a consensus on Eurozone governance by setting up a working group that included the main EU institutional leaders in monetary and economic policy” (Schmidt, 2015: 39). Its final report was endorsed by the European Council several months later, in October 2010, paving the way for the preparation of secondary legislation to enhance the EU fiscal governance (what later came to be the Six-Pack). Hence, the pro-EU stance of Belgian politicians not only contributed to the implementation of the Semester rules, but also contributed directly to their creation at the EU level.

Apart from the political elites, the support of the Belgian public for the EU was one of the highest in the EU during the peak of the Eurocrisis, along with Romania, Bulgaria, Cyprus, Slovakia and Spain. The Eurobarometer of August 2011 reveals that 60% of the respondents in Belgium had faith in the
efficiency of the measures already taken at the EU level (Eurobarometer, 2011:15). But also the fact that Belgium was the only country together with Luxembourg where people thought that the progress towards the Europe 2020 goals was “too modest” (ibidem: 19), shows the political prominence of the EU in domestic politics. Even when the country exited the EDP in 2014, public opinion remained favourable towards the EU economic coordination mechanisms: in 2015, 71% of Belgian respondents believed that the EU level consultations result in more effective economic coordination (Eurobarometer, 2015: 72) while in October 2016 the Belgian opinion on the situation of the EU economic governance was slightly above the Eurozone average (Eurobarometer December 2016: 45).

4.1.3 The policy preferences of the different coalition governments

The different governing coalitions and their agenda also constitute an important factor in the adoption of the various CSRs. Although the numerous Belgian parties have different positions on how to manage the country’s fiscal situation, they all agree that the obligations towards the EU must be met. During the transposition of the Six-Pack to national law, parliamentary debates were limited and rather technical. In fact, all political parties were in favour of strengthening the budgetary and macroeconomic surveillance framework, with the left parties additionally underlining the need for social policies (European University Institute, VII - Six-Pack). In fact, since the creation of the European Semester, both Federal governments explicitly mentioned in their agenda their responsibility for budgetary consolidation according to the EU rules, despite the vocal discontent of some, like Paul Magnette⁶, Minister of Public Enterprises, Scientific Policy and Development Cooperation under the Di Rupo government, who questioned the legitimacy of the Commissioner (Le Monde, 7 February 2012). During the same period, in 2013 the Federal level and the Regions reached an unofficial cooperation agreement in which they pledged to formulate detailed fiscal adjustment paths (European Commission, 2017a). The Di Rupo government was elected with two overarching goals: to tackle the country’s fiscal problem and to implement the institutionally difficult reform of the Federal State. In its coalition Agreement (p. 76) under the title «assainissement des finances publiques» the government confirmed its “will to strictly respect the set objectives set by Belgium in its Stability Programme which was transmitted to the EU”⁷.

But the narrative in Belgium on the need to take further measures has been polarised during the crisis between the notions of austerity and growth, which were perceived as contrary (Jadot and Kelbel, 2014). This is reflected in the different approaches of the Di Rupo and the Michel government, in relation to reforms not so closely connected with fiscal consolidation as well as to their underlying ideological justification. In a 2012 Communication, the ruling francophone socialist party at the time stated that the liberal recipes advocated by the European right remain dominant, adding that the party will “continue to defend firmly the Belgian social model and will continue opposing new reductions in healthcare costs, a dispute on the wage indexation system as well as an increase on the retirement age⁸” (RTBF, 30 May 2012). Conversely, the focus of the Michel

⁶ “Who is Mr. Oli Rehn anyway? Nobody. And it is he who will indicate our economic policy?” (translation from French).
⁷ Translation from French
⁸ Translation from French
government on competitiveness is obvious, since its coalition agreement contains an explicit chapter on it, as well as references both to the 2013 experts group on “competitiveness and employment” and the Commission’s relevant CSRs. This different approach is even more exacerbated and explained by the presence of the conservative Nationalist Flemish Party (Nieuw-Vlaamse Alliantie or N-VA) as the larger party in the current federal government coalition. Since 2011, the party has already been a staunch supporter of budgetary discipline and the creation of the European Semester, while being vocal on the need to implement policies in Belgium which aim to fully abide by the CSRs (N-VA, 13 April 2011).

A brief review of other Belgian governments of the past reveals that the effects of the European economic and fiscal coordination mechanisms were always filtered through the political actors’ agendas. Piron (2013: 165) argues that the Dehaene governments of the 1990s have systematically legitimised their fiscal policy measures by repeatedly referring to the Maastricht objectives. Another example is the liberal-social coalition of the Verhofstadt I government, which shared a similar vision to the Commission on the employment market and the welfare state. Based on the ideas of its Pensions Minister, Frank Vandenbroucke, it promoted the notion of an active welfare state. The Amsterdam Treaty and the Luxembourg Jobs Summit of 1997 had already formed the pillars for a transformation of the labour markets of the MS but in the Council of Lisbon in March 2000 the government of Verhofstadt played a significant role in promoting and incorporating into the new Lisbon strategy the notions of active employment as well as social inclusion (Bonoli and Powell, 2003). It is notable that the Belgian Prime Minister and his British counterpart, Tony Blair, published a joint statement calling for better employment through ALMPs, social inclusion and increased coordination among MS through benchmarking (Le Soir, 23 February 2000).

4.1.4 Belgian Federalism

The country’s institutional structure has filtered the impact of not only the European Semester but also the general Europeanisation process on Belgium’s regional policies. The Belgian federal system presents several particularities which are based on the historical and socio-economic circumstances in which it was forged. On the one hand, it is centrifugal, formed after the progressive devolution of competencies to the Regions and Communities since the 1970s. Contrary to other Federal states, Belgian Federalism has been formed by ‘disaggregation’ (Swenden, Brans, De Winter, 2006) gradually shifting away from a unitary state, in order to balance the tensions between the Flemish and the Walloon communities. The product of such devolution is a non-hierarchical system between the Regions and the Federal level, which reinforces institutional competitiveness on issues of exclusive competencies (Börzel, 2002; Happaerts, 2015). On the other hand, most notably on the issues that require the shared competences of the Federal and Regional levels, the federated entities have a long tradition and several established instruments of co-determination for reaching a common position, such as cooperation agreements and the cross-national Committee of Concertation (Comité de concertation). As a senior Belgian diplomat has put it: “We’re not only a federal country, but also a practical country, which allows us to be a federal country” (BBC, 4 July 2001). All in all, the need for constant coordination makes Belgium a state of “cooperative federalism” (Kerremans and Beyers, 1997) characterized by consensus seeking and informal policy-making (Lejeune, 1999). However, at the same time the decentralising nature of Belgian federalism pushes things in the opposite direction due to the traditional ethnic-linguistic dichotomy. For that
reason, the direct involvement of other entities in issues of pure Regional competence is a sensitive political issue.

The cooperative nature of the Belgian federal system became evident under the influence of earlier Europeanisation settings. For example, EU rules require the MS to have a single representative to the Council and its consultative committees. The cooperation agreement of 8 March 1994 has set out the internal rules between the various government levels for the representation of Belgium in the Council of the EU. Accordingly, the issues discussed by the ECOFIN and the EPSCO Councils are only attended by the Federal Ministers; but while their participation in the former is exclusive, the sessions of the latter can be attended together with a federated assessor (see: Permanent Representation of Belgium in the EU). The coordination meetings for the socio-economic positions of the Regions and the Federal level are done in advance within the Directorate General of Coordination and European Affairs within FPS of Foreign Affairs (see: Federal Public Service Foreign Affairs, website). The Directorate plays an important role in managing the daily tasks and includes members of Belgium’s permanent representation, a fact that reflects the administrative character of such coordination bodies. On the rare occasions that consensus is not reached there, the matter is settled in the Inter-Ministerial Conference for Foreign Policy (ICFP) (Bursens, Hielscher and van Keulen, 2015: 79). Lejeune (1999) but also Beyers and Bursens (2013) conclude that the constitutional structure of Belgium together with the decision-making mechanisms at the EU level have led over the years to greater cooperation between the different governmental levels.

Few other examples illustrate the Europeanisation effects on Regional policies under the prism of Belgian federalism. Happaerts (2015) brings forward the case of environmental policies – which belong exclusively to the Regions - where the lack of political will from the side of Regional governments has been further amplified as a result of the centrifugal and non-hierarchical character of Belgian Federalism. Given the political sensitivity of the topic and the different ideological positions between the various actors, there were no incentives for inter-Regional coordination. But in cases of Regional exclusive competences, the EU policies can enhance inter-Regional coordination and assist the inclusion of stakeholders there. In particular in the case of Flanders, Maes and Bursens (2015) explain that the exclusiveness of competences has been a significant factor for the implementation of the Europe 2020 goals, since regional networks had to be mobilised or formed. The Flemish administration already had a strong steering capacity, and therefore under the EU influence the inclusiveness and coordination of these networks were further enhanced.

4.2 The European Semester in Belgium

Belgium needs to present a unitary National Reform Programme (NRP) document, hence its preparation and approval is a collaborative process involving the different Regions and Communities. This is not something new, since the obligation to draft National Action Plans (NAP) for employment and social inclusion already existed within the context of the various types of the Social OMC. As Vanhercke (2016: 226) reveals, this exercise had various coordination effects in Belgium. First, the drafting of the NAP for Social Inclusion has led to the creation of new coordination bodies and ‘Interministerial groups’ at the Federal level. In addition, horizontal cooperation between the Regions was upgraded. Finally, the author adds that, as a spillover effect, the OMC processes generated ‘prudent intra-regional policy learning’ (Vanhercke, 2016: 227).
Although the effects of the Pensions OMC and Healthcare OMC with regard to the inclusion of Belgian stakeholders have been limited, the OMC on social inclusion was far more encouraging. Hamel and Vanhercke (2009: 91) describe how various national stakeholders were gradually involved in the preparation of the NAPs, while the Belgian administration understood the need to further improve its existing participatory model.

Within the European Semester, the preparation of the NRP is a relatively elaborate process. At the administrative level, the Chancellery of the Prime Minister brings together a Drafting Committee which prepares the document. For this the Committee has contributors from all governance levels while specific Federal ministries play an important role in the coordination process (these are: the FPS Finance, the FPS Economy together with the Federal Planning Bureau [FPB], the FPS Social Security as well as the FPS Employment). A high official from the FPS Social Security confirmed the demanding coordination process: “We have a few meetings, but a lot of the consultations are going on via email of course, drafts are sent and we get the response and I coordinate this” (SPCS). The drafting is organised by policy area which corresponds to specific CSRs and Europe 2020 goals but shared subjects can be drawn jointly by representatives within the same Regions or at the Federal level. Furthermore, all three Regions and Communities additionally annex their own prepared programmes at the end of each NRP document. As a Belgian high official at the Federal level who coordinates the drafting process – and who happens to be a member of EMCO - underlined, this exercise is an opportunity for deliberations between the public officials involved:

It [meaning the drafting of the NRPs] doesn’t lead to any specific coherence, it leads to discussion at least among some people, namely the civil servants involved in the policy-making at the different levels. At least, the NRP is basically my only legitimacy to ask the Regions: can you please provide me a description of this measure and the data? Does it work? So, it's the NRP or other European processes that give us, as Federal level, any legitimate reason to ask for this and at least this means that there is kind of information exchange. At the administrative level. (EMCO13)

At the political level, the Policy Monitoring Committee and the Consultative Committee are the institutions that receive the drafts and organise the discussions for their adoption. The latter committee consists of representatives from different authorities while the former consists of the representatives of the Community and Region Minister-Presidents, the Deputy Prime Ministers, the Minister of Foreign Affairs and the Secretary of State for European Affairs. If deemed necessary, the Policy Monitoring Committee can invite more representatives to join from relevant public services. As described by the same high official, the consultations in this committee are more on technical issues, rather than on substance, implying that the politicians would rarely change their positions due to dialogue: “My impression is that they use these meetings to discuss about formulations of the text and about the amount of lines each Region should get in the NRP rather than on how to better coordinate their policies, unfortunately” (EMCO13).

Apart from this process, administrative representatives of Belgium from all levels have frequent communications with the European Commission throughout the whole year, once again facilitated by their territorial proximity. For example, on 15 December 2016 a Commission fact-finding mission to Belgium was organised, in order to verify and specify specific points related to the CSRs. Flanders openly adopted a more proactive stance compared to Wallonia in regards to the European
Semester. As stated in its 2017 Regional NRP, such an approach aims to increase support for the Semester and its Europe 2020 goals but also to enhance ownership of the CSRs through better information and wider participation. This is relevant to the nation-building efforts of the Flemish government, which aspires to enhance the input and output legitimacy of the Region’s administration as a reliable policy maker. On this, De Blauwer (2016: 15) mentions the government’s aspirations to “assume a position among the leading European Regions by 2020”. Finally, the dialogue between the Regional and the EU level is an opportunity for Flanders to enhance its (already well-functioning) administrative structures and to reinforce its position in the domestic landscape, as Bursens (2012:400) and Maes (2016: 115) have also stated in reference to sub-national entities. Although Wallonia is less active in terms of administrative effort, public consultation and awareness-raising activities, it tries to keep up with the example of Flanders. In the words of an official from DG EMPL: “Wallonia is going reasonably well for now. Flanders was a little bit more proactive meaning that they said: let’s flood them with documents so they won’t ask. The more there is the less the Commission will ask. And Wallonia seems to be converging these days” (EMPL14).

Finally, the bilateral meetings between representatives from the Federal Ministerial cabinets and from Belgium’s permanent representation on the one side, and the high officials of the involved DGs as well as Commissioner cabinet representatives on the other side, constitute an important mechanism of better implementation. In these the Commission representatives not only have the opportunity to focus on specific issues but also to discuss and listen to counter-arguments from the Belgian side. After the first cycles of the Semester, in which Belgium faced significant economic difficulties, the Commission shifted incrementally to a more open stance, encouraging dialogue and argumentation. As the Belgian interviewees of Frédéric Rohar, a journalist at the newspaper L’Écho, state about their meetings: “From a climate of mistrust, we gradually moved to an environment of mutual understanding, a better functioning relationship9” (L’Écho, 5 May 2014).

The national legislation transposing the Six-Pack and Two-Pack did not increase the role of the Belgian Federal Chamber of Representatives (Vanden Bosch, 2014b). As a result, the parliamentary scrutiny powers on budgetary procedures, which according to Hallerberg, Marzinotto and Wolff (2012: 72) were already strong, continued within the enhanced framework of the European Semester. In that sense, the Chamber of Representatives can organise a debate on the subject, whether in its plenary or in a committee, but it cannot make amendments or decide on the Stability and Convergence Programmes and the NRPs (Kreilinger, 2016:35). Within the frame of its ex ante budgetary competences, the parliamentary Budget Committee, sometimes together with the European Affairs Committee and the Social Affairs Committee, holds regular exchanges of views with the Commission’s Semester Officer for Belgium, before the distribution of the draft budgetary plans or the NRPs and Stability Programmes or after the publication of the country reports and the CSRs. For example, before the submission of the 2013 NRPs, these three Committees organised a hearing of Commission representatives. Likewise, on 2 May 2015 and on 31 May 2017, two Commission experts were invited by the Budget Committee to discuss the reforms related to the European Semester (Chambre des Représentants de Belgique, 2015a; ibidem, 2017) while on the 28 March 2017 the Social Affairs Committee invited the Belgian Semester officer for a hearing. In the same direction, during the drafting of the budget plans of 2014 and of 2015, the Budget Committee

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9 Translation from French
auditioned representatives of the European Commission. Finally, it is notable that the Michel government participates in an exchange of views in the Chamber’s plenary session after the publication of its NRPs and Stability Programmes. At the Regional level, consultations in the Flemish parliament take place every year during the adoption of the draft budgetary plans and prior to the drafting of the NRPs (Government of Flanders, 2017: 3). The Walloon parliament has been informed only recently about the procedures of the European Semester. Being the first time that a Walloon parliamentary committee organised a debate on this, on 12 May 2016 the Committee of European Affairs invited two Commission experts to explain in depth how the Semester works and their specific role in this. The audience found the consultation such an insightful exercise that the President of the Parliament, André Antoine, promised to repeat it in 2017 (Parlement Wallon, 12 May 2016).

Compared to other countries, Belgian MPs are relatively active and get regular updates on the European Semester. Between 2013 and 2015, 8 national MPs attended the Inter-parliamentary Conference on Stability, Economic Coordination and Governance in the framework of the European parliamentary week (Kreilinger, 2016: 48). Accordingly, in 2016 and in 2017, several MPs who hold key positions in the Finance and Budget Committee and in the Social Affairs Committee of the Belgian Chamber of Representatives participated in the European Parliamentary week and the discussions about the annual Semester cycles (Chambre des Représentants, Missions a l’étranger 2007-2017). This can be explained foremost by the physical proximity of the European institutions to the Chamber of Representatives, both located in Brussels. Several positive developments during the most recent cycles show that there is increasing attention to the European Semester and its CSRs within the Chamber of Representatives, a fact that also reflects the efforts of the Semester Officer for Belgium to inform the national actors. In March 2015, the Magazine of the Belgian Chamber of Representatives (Chambre des Représentants, 2015b) dedicated several pages to the national budgetary process together with the European Semester. During the following year (March 2016) a panel of experts discussed the social dimension of the European Semester in front of the Social Affairs Commission (Chambre des Representats, 3 March 2016). Most recently, in 20 April 2017, Marianne Thyssen, the Belgian Commissioner for Employment and Social Affairs delivered a speech to the plenary of the Chamber highlighting the importance of the CSRs and the European Semester (Thyssen, 2017).

Lastly, Belgium is one of the countries with a good record on the participation of the social partners and civil society actors in the European Semester processes. The Central Economic Council (CCE-CRB) which is composed of the representatives of employers and employees from different sectors, as well as its consultative body, the National Labour Council (CNT-NAR), meet regularly with the chancellery of the Prime Minister concerning the developments within the European Semester, namely the AGS, the NRPs and the CSRs (Sabato, Vanhercke, Spasova, 2017: Annex 2). These bodies also meet with the Belgian Desk of the European Commission in March and June, to discuss on the In-depth Reviews and the CSRs respectively before their approval by the EU Council.

4.3 Conclusions

The idiosyncratic features of Belgium are a considerable underpinning factor for the Semester’s effects at the national level. First of all, the traditional Europhilic attitude of the Belgian political class
and the Belgian public plays a significant role. The country’s political elites, which have long had a consistent Europhile stance towards fiscal governance measures, also remained favourable to EU institutions during the crisis. The state already pursued stable macroeconomic and monetary policies before the Maastricht Treaty, but after 1992 this attitude was enhanced and Belgium emerged as one of the best performers in fiscal consolidation as a result of the Europeanisation process. Accordingly, its budgetary prudence was evident during the harsh period of 2009-2013.

In addition, the genuine pro-EU attitude of the political elites not only served to support further measures of fiscal and socio-economic coordination but also played a significant role in their design, with the most prominent example being the task-force of Herman Van Rompuy. The contestation of several parties of the left against the specific form of austerity measures was considerable; nevertheless all political actors agreed that the country’s obligations towards the EU must be met.

Economic pressure played a significant role during the period when the sovereign debt crisis was at its peak. This culminated in the Council’s decision to open the EDP for Belgium as well as the downgrading of the latter’s credit rating by Standard and Poor’s. The dramatic increase in the country’s debt and deficit was perceived by all political parties as a threat to the country’s economic stability, especially when the prospect of an institutional break-up was still present. Hence, it is likely that the high-pressure circumstances contributed to the election of an openly reformist Federal government in May 2014, seen by some as the catalyst that could ‘restart’ the Belgian economy.

Another important factor weighing on the Semester’s influence is the policy agenda and orientation of each government coalition. As already mentioned in the theoretical chapter, there are no Europeanisation effects at the national level without the intervention of the political actors there. The Di Rupo government had as its primary task to tackle the economic downside effects of the crisis and to normalise Belgium’s political life. Thus, priority was given to fiscal consolidation measures and, as a socialist-led government, to the maintenance of stabilisation mechanisms so that the transition would be as smooth as possible. On the contrary, the Michel government presented a broader reform agenda which has as a main goal the structural enhancement of Belgium’s competitiveness –as so often repeated. For that reason, the centre of reforms changed: from the CSRs referring to fiscal reforms it shifted to certain CSRs linked with macroeconomic issues. In reality, this development is more nuanced as, for example, the Michel government continued the pension reforms. Nevertheless, the different narratives of the two governments regarding their reforms point to their different political agendas as a prominent factor that ‘filters’ the effects of the European Semester.

Finally, the particular character of Belgian federalism, which is centrifugal and non-hierarchical, thus favouring Regional competences while being cooperative, is a discernible element which influences the Europeanisation effects. Specifically on the European Semester, it supports and contributes to its effects, since inter-level or intra-level coordination is necessary to reach any set goal. In addition, the instruments and practices which supported past coordination mechanisms such as the Social OMC and the EES, opened the way for better vertical and horizontal cooperation, so the Semester’s functioning is also supported by these.

More specifically, the consultation procedures relating to the European Semester have been described in a positive way by the relevant actors in Belgium, and this is once again closely related to the country’s institutional specificities. For example, the bilateral meetings between the Commission
and the representatives of the Belgian governments are enhanced by the Belgian pro-EU spirit and the stable feeling of mutual trust while territorial proximity adds to the advantages. Furthermore, the close cooperation of the federal and the federated administrations during the NRP preparations is partially an outcome of the Belgian federal system. The same goes for the strong involvement of the Belgian social actors in that procedure, which reflects the cooperative -“social partnership” (Visser, 2008) - system of industrial relations and the presence of traditionally active institutions, such as the Central Economic Council and the National Labour Council. All of the factors above cast doubts on the generability of the factors influencing the Semester’s effects in a positive manner. In my in-depth cases, the preconditions for the successful adoption of the CSRs are particular and closely linked with the Belgian historical context. However, further research on the field of comparative studies could focus on the MS sharing a specific characteristic, such as Federalism or high rates of support for the EU, in order to ascertain whether these play a role on a larger scale.