



Rising employment, sticky poverty in Belgium

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Description

The rising levels of employment in Belgium in recent years have not resulted in better income poverty outcomes. Three explanations combine to help understand the paradox: most new jobs have been absorbed by non-poor households; some of the new jobs are of insufficient quality to lift workers out of poverty; and the unemployed have seen their poverty risk increase.

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At the end of June, the Belgian High Council for Employment published its yearly report giving encouraging figures for the Belgian labour market. Nevertheless, the report also includes some charts, tables and comments that suggest little progress in the fight against poverty – even in the long term. Almost simultaneously, the Ministry of Social Security published its “Evolution of the social situation and social protection in Belgium 2017” in a more pessimistic mood.

Whereas the current number of people in work is 10% higher than in 2005, and the number of unemployed 9% lower, trends in income poverty have remained remarkably flat (Hoge Raad voor de Werkgelegenheid, 2017, pp. 37 & 68; FOD Sociale Zekerheid, 2017, p.24).

Three explanations combine to help understand this paradox:

- First, most new jobs have been absorbed by non-poor households. The share of households with very low work intensity has barely changed over the last decade (15.1% in 2005 against 14.6% in 2016). The rise in employment has been fully absorbed by people in households where other members were already working.
- Secondly, some of the new jobs are of insufficient quality to lift workers out of poverty. The profile of the newly created employment indicates

a lower average quality than pre-existing jobs. In 2016, for example, 40% of the new jobs were part-time, 52% temporary, and 47% were paid at wages in the lowest wage quintile. Note that these characteristics already applied to some extent in previous years: in other words, we are not witnessing a short-term deterioration of job quality (Hoge Raad voor de Werkgelegenheid, 2017, p.66). Most worryingly, many newly created jobs are filled by posted workers from Central and Eastern European countries at lower wage cost, thus undermining the working conditions in Belgium and displacing “good jobs”. De Wispelaere & Pacolet (2016) estimate that 4.4% of the overall volume of employment in Belgium (the equivalent of 212 000 full-time jobs) is currently filled by posted workers. In the construction industry alone, the share of posted workers would amount to 33%.

- Thirdly, income poverty (as measured by the EU indicator of “poverty risk”, i.e. the poverty line is set at 60% of the national equivalent household income) has increased significantly among the unemployed: from 31.4% in 2005 to 45.9% in 2016 (Eurostat, data accessed on 19 July 2017). This increase should be seen against the backdrop of a long series of austerity measures in the past six years: cuts in the benefits of the long-term, part-time and older

unemployed; tightened access conditions and limited duration of benefits especially for school-leavers; and increased numbers of sanctions and suspensions (Nicaise, 2017a). According to the High Council for Employment (2017, pp. 54-55), no less than 30% of the unemployed are currently not entitled to unemployment benefits. Of those excluded, 29% are school-leavers, another 30% have been sanctioned or are considered unfit for work, and 40% are unemployed but did not meet the access conditions for benefits (mainly recent immigrants). Although the caseload of the guaranteed minimum income has increased dramatically in recent years, research has shown that the vast majority of people excluded from unemployment insurance do not draw any formal income and “disappear from the radar” (Nicaise, 2017b).

Outlook & commentary

The overall picture points to mixed effects of recent neoliberal labour market policies in Belgium, characterised by increased financial pressure on jobless people on the one hand, and wage cost reductions and flexibilisation on the other hand.

In the unemployment insurance system, the austerity measures were intended as “incentives” for

job seekers to take up work more quickly (in line with the “making work pay” paradigm). However, recent empirical studies have shown that this approach is ineffective in boosting the transition from unemployment into work, whereas it does lead to more persistent income poverty (see e.g. European Commission, 2015, pp. 147ff; European Commission, 2016, pp. 93-94).

As regards wage moderation and flexibility, one must admit that the Belgian government is caught in a vicious circle of fiscal and social dumping within the wider EU context. The only way out is a solidarity-based European policy of fiscal convergence and social minimum standards.

Finally, the way jobs are distributed among households in Belgium is an issue that deserves particular attention. Belgium is an outlier within the EU as regards the share of jobless households (14.6% in 2015 as opposed to 10.7% for the EU-28 average; Eurostat, data accessed on 19 July 2017). Redistributing employment opportunities towards those households necessitates tailored, holistic and high-quality integration pathways combining work experience, training, guidance, mediation, healthcare, family support etc. The regional authorities, who have taken over responsibility for active labour market policies, now need to prove that they are really able to tailor their policies to local needs.

Further reading

De Wispelaere, F. and Pacolet, J. (2016), “Detachering naar België vanuit andere EU-lidstaten. Wat we zelf meten, meten we beter?”, *Gids op Maatschappelijk Gebied*, september 2016, pp. 30-37.

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Hoge Raad voor Werkgelegenheid [High Council for Employment] (2017), *Verslag 2017 - Recente ontwikkelingen op en vooruitzichten voor de arbeidsmarkt*, Brussel: FOD Werkgelegenheid, Arbeid en Sociaal Overleg, 208p.

Nicaise, I. (2017a), “Het recht op arbeid”, in: Pannecoucke I. et al. (eds., 2017), *Jaarboek Armoede in België 2017*, Gent: Academia Press (forthcoming).

Nicaise, I. (2017b), “Gaten in de sociale bescherming. Onderzoek over de niet-effectiviteit van sociaal-economische rechten in België”, in: Steunpunt Armoedebestrijding, *Armoede en ineffectiviteit van rechten. Niet-toegang tot en niet-gebruik van rechten*, Brugge: Die Keure.

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