



# CONTENT

<b>1</b>	<b>INTRODUCTION.....</b>	<b>2</b>
<b>2</b>	<b>SOLIDARITY YES, BLANK CHEQUE NO!.....</b>	<b>5</b>
<b>3</b>	<b>ABAFIM STUDY.....</b>	<b>6</b>
3.1	VOLUME OF FLOWS OF MONEY .....	6
3.2	FLOWS OF MONEY IN THE FUTURE .....	9
<b>4</b>	<b>QUESTIONS REGARDING EXPENSES IN SOCIAL SECURITY SECTORS.....</b>	<b>10</b>
4.1	MEDICAL ACTS.....	10
4.2	INCAPACITY FOR WORK .....	11
4.3	FAMILY & CHILD ALLOWANCES.....	11
4.4	PENSIONS .....	11
4.5	UNEMPLOYMENT BENEFITS .....	12
4.6	CONCLUSION.....	12
<b>5</b>	<b>PLEADING FOR AN INTEGRAL FLEMISH HEALTH CARE .....</b>	<b>13</b>
<b>6</b>	<b>DECLINE IN BIRTH RATE: PLEADING FOR AN INTEGRAL FLEMISH FAMILY POLICY.....</b>	<b>17</b>
<b>7</b>	<b>LABOUR MARKET: PLEADING FOR AN INTEGRAL FLEMISH EMPLOYMENT POLICY .....</b>	<b>18</b>
<b>8</b>	<b>AGEING: PLEADING FOR A FLEMISH POLICY TO ACCEPT THE FUTURE CHALLENGE OF SOCIETY .....</b>	<b>21</b>
<b>9</b>	<b>ADDITIONAL FINANCIAL POSSIBILITIES FOR A FLEMISH SOCIAL SECURITY.</b>	<b>24</b>
<b>10</b>	<b>GENERAL CONCLUSION.....</b>	<b>26</b>

*April 2006*

*Author: Aktiekomitee Vlaamse Sociale Zekerheid (AK-VSZ)  
[Action Committee For A Flemish Social Security]*

*Responsible editor:*

*Gui Celen, President Aktiekomitee Vlaamse Sociale Zekerheid*

*Contact person:*

*Erik Stoffelen, Secretaris Aktiekomitee Vlaamse Sociale Zekerheid  
Hoogstratenplein 1, 2800 Mechelen  
erik.stoffelen@vnz.be*

*Website:*

*www.akvsz.org*

# 1 Introduction

The Kingdom of Belgium was 'established' in 1830 as a unitarian and strictly centrally governed state. It remained so until 35 years ago. After a long series of new Laws and five consecutive state reforms we eventually came to the current federal structure in which the country is divided into three Regions (Flanders, Wallonia and Brussels) and three Communities (the Flemish, the French and the German Community). In Flanders the Region and Community converge under one single political and administrative government.

However, a coordinating federal structure kept up which still maintained a lot of important powers, including the largest part of the tax system and the organisation and financing of Social Security. It is clear that this structure is extremely complicated and that the good operation thereof is often hindered by the indistinctness in the regulations on the various powers of all those different government levels.

Moreover, since several decades very large flows of money have started from the Flemish Region to the two other Regions. This is a phenomenon which exists in many federally organised countries, and which is being documented in Belgium for already 40 years, always in the same direction and always increasing ... . Moreover, not a single limitation is foreseen in the volume and period of time of this permanent drain on the financial resources of Flanders. Flows of Money from Flanders to Wallonia are, however, no new information: they exist already since 1830 as this was shown beyond any doubt in a non-refuted study of Prof. Juul Hannes.

In 2003 these transfers amount as far as documented to approximately EUR 10.12 billion or 6.46% per annum of the Flemish primary income, to be borne by a relatively small population of 6 million people. This is EUR 1,687 per Flemish inhabitant per annum. According to the information of which we dispose this is an absolute world record! More recent data show transfers that are even much higher.

The “Aktiekomitee voor een Vlaamse Sociale Zekerheid” or AK-VSZ [*Action Committee for a Flemish Social Security*] was founded in 1995 in order to put the opinion of the “Overlegcentrum van Vlaamse Verenigingen” or O.V.V. [*Consultation Centre Of Flemish Associations*] (see [www.ovv.info](http://www.ovv.info)): “*Social Security: An Authority of Flanders and Wallonia*” on the political agenda for further action, and to integrate it in the social debate. The Social Security is pre-eminently a personal matter and, therefore, it should be assigned to the Communities according to the logic of the constitutional revision of 1980.

It is the objective of AK-VSZ to give arguments for answering the question why the unitarian Belgian Social Security needs to be divided and needs to be devolved on the Flemish and the French Community. So, the AK-VSZ wants that the complete Social Security, which forms 37% of all money transfers, to be devolved on both large Communities. This remains the central objective of the Action Committee. This position is based on standpoints taken up earlier and on actualised information.

The arguments of AK-VSZ are well thought-out and elaborated:

1. The possibility is created that both Communities can freely lay their own EMPHASES in the four large subsectors of Social Security:

- Health care
- Family and child allowances
- Pensions
- Unemployment benefits

These different emphases already now manifest themselves partially in the differences in Flemish and Walloon expenses for a number of aspects of the subsectors mentioned. So, a number of needs of the Communities which now cannot be fleshed out due to the unitarian structure of Social Security will find a solution after the devolution of the Social Security authorities to the Communities.

2. Social Security policy will be MORE EFFICIENT:

- a. Now, the Communities principally are authorised for Health Care, but the Federal Government is authorised for Costs of Public Health and Disablement Insurance.
- b. Now, the Communities are authorised for Family Policy, but the Federal Government is authorised for Family and Child Allowances .
- c. Now, the Communities are authorised for a policy on elderly people, but the Federal Government is authorised for Pensions.
- d. Now, the Regions are authorised for Economics, the Employment Office and Vocational Training, but the Federal Government is authorised for Unemployment Benefits.

All this means that the Communities currently do not have the leverages in hand to take measures which meet the social needs of their Community. By devolving Social Security on the Communities they will dispose of the necessary coherent authority packages to pursue a much more efficient policy.

3. Both communities are stimulated for their own responsibility for a policy with increased financial and social awareness. The lack of this increased awareness is the cause of the current large money transfers through Social Security from the Flemish to the French Community. Increased awareness presupposes at least financial responsibility of the Communities for managing their own Social Security budget. The awareness even increases when the Communities, moreover, become responsible for collecting income necessary for pursuing their own Social Security policy. It is only under these circumstances that the voter is able to reward a good policy and to punish a bad policy expertly.

## 2 Solidarity YES, Blank Cheque NO!

For us, solidarity is based on a number of ethical and moral principles. Solidarity proceeds in concentric circles: the family, the village or town, the national community or region or country, the state, the European Union and the world.

To the question whether Flanders is prepared to solidarity the answer is: YES! This YES, however, is conditional because it depends on whether the grounds of principle are present or not.

- ✧ In the Belgian framework Flanders is prepared to a negotiated solidarity. This solidarity could take the shape of a financial aid plan with a result obligation and degressive in time. On the other hand, however, the federal loyalty needs to be respected, which includes applying the existing linguistic legislation in Brussels and respecting the principle of territorialism in the Flemish periphery of Brussels and on the complete language border.
- ✧ In the European framework Flanders is regarded as a direct player in determining the interstate solidarity and in harmonising the social legislation because it then concerns an own authority 'in foro externo'.

### 3 ABAFIM Study

ABAFIM is part of the Flemish Administration and is responsible for Administration Budgeting Accounting and Financial Management.

Upon instruction of the previous Flemish Government these officers have made a study on the financial transfers between the Belgian Regions, based on available figures till 2003.

Money transfers between Regions (e.g. A and B ) arise when a Region does not receive as much as it contributes for a specific sector. If Region A receives less than it contributes, there is a transfer from Region A to Region B; the transfer amount being the difference between what A contributes and what it receives.

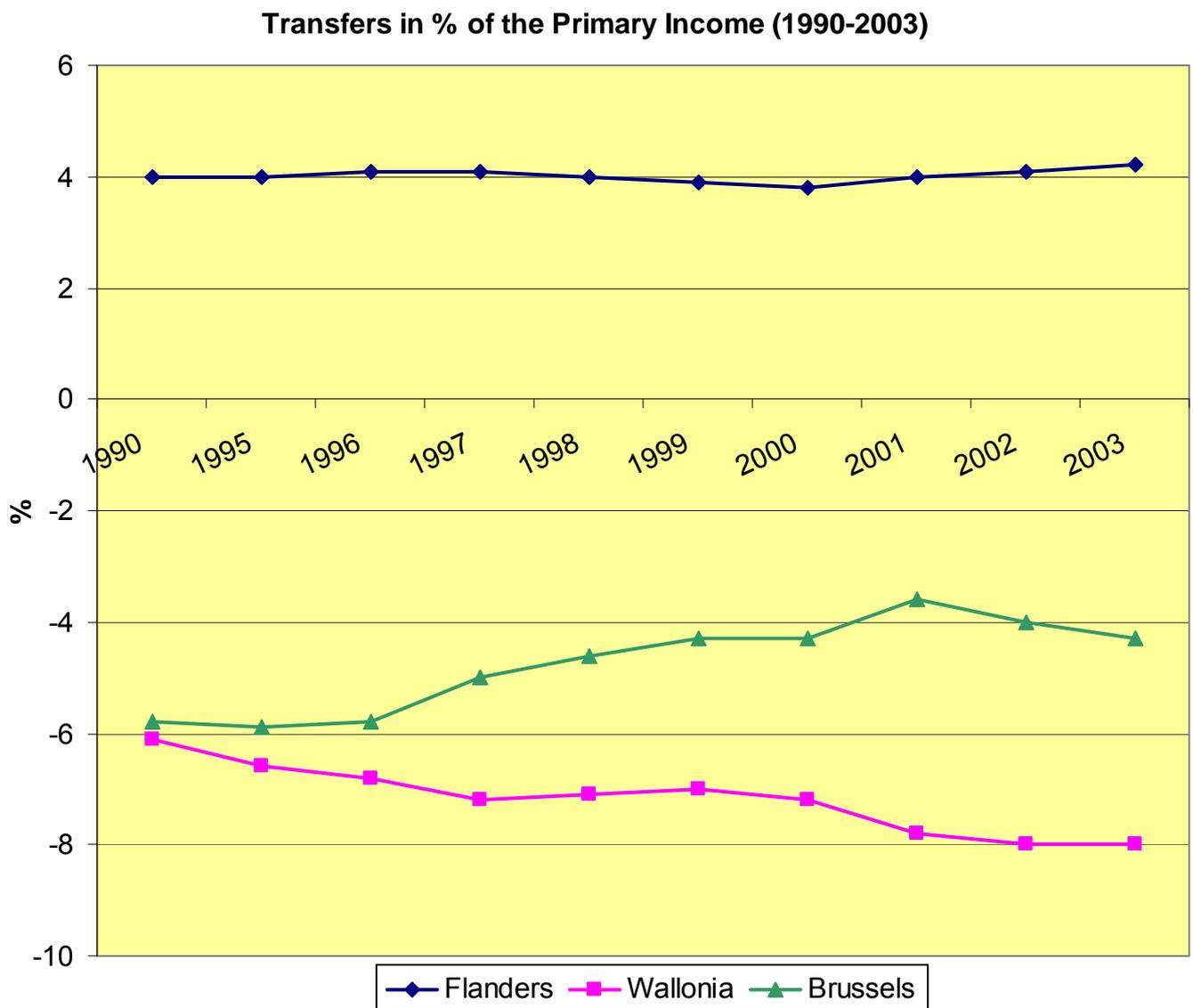
#### 3.1 Volume Of Flows Of Money

<i>2003</i>	<i>Billion EUR</i>
<b>Via Social Security</b>	<b>3.74</b>
Via Federal Government	1.52
Via Communities and Regions	1.32
SUBTOTAL:	6.58 (= 4.2% of the Flemish Primary Income)

The ABAFIM study is limiting itself to the three channels mentioned above. If the money transfers are added through the payment of interest costs for the national debt, they will amount to EUR 10.12 billion. This is 6.46% of the Flemish primary income or EUR 1,687 per Flemish inhabitant per year!

So, a first important conclusion is that transfers which until now are still being called into question, not only do exist but are considerably higher than they were presumed to be.

A second important conclusion is represented in the table below:



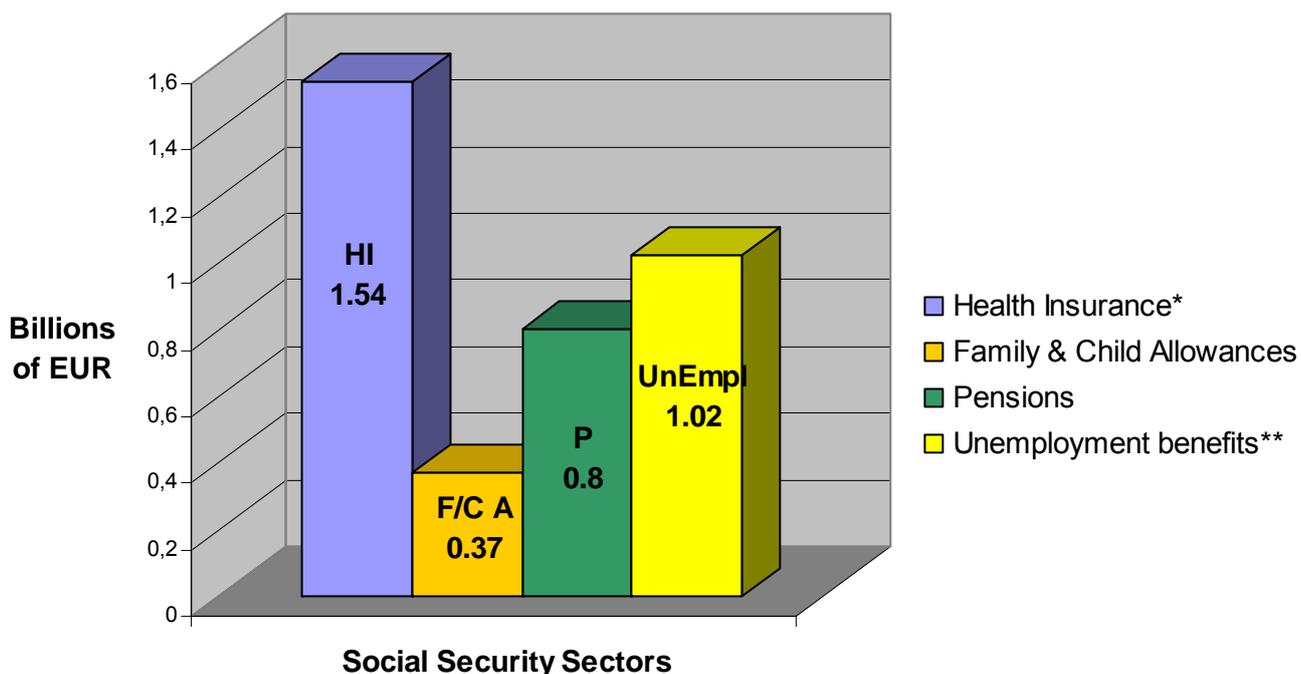
In absolute amounts the transfers are increasing continuously through these first three channels. But also in % of the primary income, some decrease is absolutely out of order. On the contrary: since the year 2000 there even is an increase! For the Flemish this means a drain of 4.2% of their primary income in 2003. Four percent is the equivalent of nine days of free work by the Flemish population every year again! For the Walloons this means that since 1990 they receive an increasingly bigger part of their income from the Flemish. Now already 8%! Also the Brussels Region receives increasingly more in the last years, now already 4.3%!

As a third conclusion it can be put that the money transfers in Social Security are the consequence of higher Social Security receipts in Flanders and of generally higher Social Security expenses in Wallonia and Brussels. Concretely, for Flanders it

concerns the difference between what it contributes and what it receives back in relation to Social Security.

The money transfers from Flanders through the Social Security subsectors are illustrated in the table below:

**Money transfers from Flanders through Social Security  
in billions of EUR in 2003 (round figures)**



\* Health Insurance, including disablement, industrial accidents, occupational diseases and guaranteed income.

\*\* Unemployment benefits, including bridging pensions, career breaks and time credits.

Money flows in percentages of social expenses per region (in 2003):

	<i>Flanders</i>	<i>Wallonia</i>	<i>Brussels</i>
Health Care	-12	11	33
Family/Child Allowances	-19	16	40
Pensions	-9	9	26
Unemployment	-25	22	40
<b>TOTAL in %</b>	<b>-14</b>	<b>12,5</b>	<b>34,5</b>

This means that social expenses in Wallonia and in the Capital Region of Brussels are paid by the Flemish respectively for 12.5% and 34.5%. This also means that

social expenses in Flanders could be raised by 14% if no money flowed to the other Regions. This is the fourth conclusion.

### **3.2 Flows Of Money In The Future**

The following table is a simulation of the flows of money from Flanders to the other Regions (in billions of EUR):

	<b>2003</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>
In case of ' <b>preservation</b> ' of employment	6.58	6.40	6.79	7.40
In case of ' <b>levelling</b> ' of employment	6.58	4.06	3.02	2.66

In case of a status quo of employment in the three Regions the flow of money even increases; in case of equalising employment the flow of money decreases but still keeps on existing! The fairy tale in which it is told that the Flemish actually have interest in the preservation of the federal Social Security is really a fairy tale!

## 4 Questions Regarding Expenses In Social Security Sectors

In every Social Security sector a number of remarkable facts is concluded which at least raises some questions. Why are the differences between Flanders and Wallonia so big? Below, you will find some examples.

### 4.1 Medical Acts

For the following items expenses in Wallonia are substantially higher than in Flanders:

Urgency fees	+28%
Appendix operation	
◦ Laboratory research expenses	+58%
◦ Thorax radiographs	+100%
◦ Electrocardiograms	+300%
Antibiotics	+30%
Number of medical doctors according to number of inhabitants	+14%
Medicines per capita (via pharmacist)	+24%
Clinical biology	+20%
Medical imaging	+20%
Pre-operative researches	+50%
Internal medicine	+26%

It is remarkable that there are no differences for surgery and anaesthetics! There are also some items for which the expenses in Flanders are higher:

- Home care → +21%
- Nursing in psychiatric care homes and ambulant sheltered living → +36%

These are clear differences in emphasis between Flanders and Wallonia.

## 4.2 Incapacity For Work

For the following items the expenses in Wallonia are substantially higher than in Flanders:

Paid days for sick leave	+11%
Days for sick leave per person with Postal Services*	+56%
Benefits because of occupational disease	+200%
Allowances because of employees' disablement**	+120%
Allowances because of self-employed people's disablement **	+25%
Primary incapacity for work**	+45%

\* Not included in Social Security

\*\* Last available information dating from 1979

## 4.3 Family & Child Allowances

Next to the normal family and child allowances there are also the increased child allowances to children of unemployed and disabled people. Unemployment and disablement make that the percentage of children who are paid in the category 'increased scales' is 90% higher in Wallonia than in Flanders.

## 4.4 Pensions

**Why** is there a post-verification for 14.1% of the Dutch-speaking pension files and only for 6.71% of the French-speaking?

**Why** does Wallonia have 28,000 civil servants extra in proportion to the population? Either these civil servants are redundant, and then they are expensive unemployed people, or they are not redundant for Wallonia, but **why** does the Flemish people need to pay through taxes 63% of their wages, 63% of their pensions, 63% of their health costs, family and child allowances etc.? Only by using this money all pensions in Flanders can be raised by 4%!

## 4.5 Unemployment Benefits

Every quarter VDAB (*“Vlaamse Dienst Voor Arbeidsbemiddeling en Beroepsopleiding”*, i.e. the Flemish Employment Service and Vocational Training Agency) and its sister organisation in the other Regions need to supply information regarding the unemployed people who have been ‘naughty a bit’ (not being present at a appointment, not receiving any training, playing truant too much, refusing job offers etc.) to RVA (*Rijksdienst voor Arbeidsvoorziening*, i.e. National Employment Service Agency).

Now, VDAB is doing this with a certain diligence, the Brussels Region is doing this with even more assiduity, but Wallonia is not co-operating at all. Result? The chance of a sanction for a Flemish unemployed is 15 times bigger than for a Walloon unemployed... . Even the Minister of Foreign Affairs took these facts extremely serious ...

Ingenious people discovered:

- ✧ that there is a transfer to Flanders for bridging pensioners. Really! Amount: EUR 36 million or 0.96% of the transfers in Social Security.
- ✧ that there is a transfer to Flanders for career breaks and time credit! This is also correct! Amount: EUR 29 million or 0.78% of the transfers in Social Security.
- ✧ Sometimes it is alleged that the transfers above would balance the entire system, so there is nothing wrong .... . Now, the transfers from Flanders to all other unemployed people amount to EUR 1,085 million. Strange balance...

## 4.6 Conclusion

We have tabled a number of facts and we have asked some questions about them. It is no longer relevant if these facts can be explained objectively or subjectively, if they are grown from history or are deformed, if they involve the environment of pine forests or with the distance to the North Sea. **We grant to the French-speaking countrymen the Social Security they want and the way they want it. They only need to take the responsibility for financing it.**

## 5 Pleading For An Integral Flemish Health Care

Health care, including health insurance, is best devolved on the Flemish and French Community. In the first place, there are **legal and political arguments**: the Constitution, the Special Law of 8 August 1980, judgements of the Court of Arbitration in 1997 and 2000, one of the State Reform Resolutions of the Flemish Parliament of 3 March 1999, the Flemish Coalition Agreement of July 1999, and the Flemish Government Policy Statement of July 2004.

Furthermore, both Communities are entitled to lay their **own emphases** in health care: that is the second argument. The fact that the Communities are doing this now already partially, can be derived from the fact that they lay different emphases in their medical education and take up a different position on quota restrictions.

Flanders is clearly laying a stronger emphasis on preventive health care than Wallonia: this turns out from the structures present in Flanders (Flemish Health Council, LOGOS, Flemish Institute for Health Promotion...), from a number of Flemish administrative options (the health goals, the recent Outline Decree concerning the preventive health policy...) and from various projects (hepatitis B vaccination of children, meningitis C vaccination, breast cancer screening...) to which Flanders is dedicating more energy than Wallonia.

Flanders is clearly applying the echeloning principle more than Wallonia. This is shown by recent figures from Minister R. Demotte: Flanders is spending 8% more on expenses for general practitioner medicine than Wallonia, and vice versa Wallonia is spending 14% more on expenses for specialist medicine than Flanders. The “Global Medical File” which is kept by the general practitioner has a much greater success in Flanders than in Wallonia.

A recent study of the “Christelijke Mutualiteiten” [*Christian Health Insurance Fund*] teaches that the expenses for anaesthetics and surgery hardly differ between Flanders and Wallonia, that Wallonia spends at least 15% more than Flanders on

medical imaging, urgency fees, pharmaceuticals in public pharmacies, internal medicine, clinical biology, births, and that Flanders for its part spends at least 15% more than Wallonia on home care, nursing days in psychiatric care homes and ambulant sheltered living. This indicates different curative options.

Other examples of differences between Flanders and Wallonia are larger preference in Flanders for day hospitalisations, higher use of antibiotics in Wallonia, higher pre-operative expenses in Wallonia preceding appendectomy and other surgical operations, and the fact that there are 14% more medical doctors per population unit in Wallonia than in Flanders. There are also indications that the number of prescribed days for sick leave in some sectors in Wallonia is higher than in Flanders.

Finally, the post-graduate training for general practitioners is far more developed in Flanders than in Wallonia.

A third group of arguments involves **efficiency**. The current separated approach to preventive (authority of the Communities) and curative (authority of the federal government) policy does not only lack fundamental logic, but it leads concretely to an incoherent vision and operation (communication, task engagements, individual/population-linked attendance...), to unbalanced financing (the current expenses for curative health care in Flanders are 103 x bigger than those for preventive health care) and, moreover, it is damaging to public health.

It has been known for quite a while already that life expectancy in Wallonia for both men and women is shorter than in Flanders, but Professor Chris Vandenbroeke concludes, moreover, that this relates to a higher mortality risk at a young to middle age, i.e. between 30 and 50 years of age, in Wallonia compared to Flanders. In relation to this he sets up the hypothesis that this difference relates to a worse prevention. This hypothesis is linked with the position of the Cardiological School of Leuven which since years is indicating the relation between the higher cardio-vascular mortality in Wallonia and the higher consumption of saturated fatty acids and the lower consumption of poly-unsaturated fatty acids in nutrition in Wallonia compared to Flanders. So Wallonia has every reason to take the complete health policy in its own hands.

The mixed (federal - sub-states / region & community) hospital policy lacks every cohesion. Now, the Communities are authorised for certifying hospitals, and the Regions are authorised for subsidising the infrastructure thereof, but the federal government remained authorised for operation subsidies. By such an arrangement an economical policy of the Communities is not honoured.

There is overlapping between public welfare, non-medical and social care insurance, health education, prevention (an authority of the Communities) and health insurance (federal authority); it would be more logical to entrust all these sectors to the same level of government.

The current plethora of governments authorised for health care is totally inefficient; it is really ridiculous that there are 9 ministry authorities in Belgium relating to health policy where 1 per Community would have to suffice. The Community level is really the most efficient level for health policy because of the differences in emphasis mentioned above between both Communities.

The fourth argument for devolving the complete health policy on the Communities is the importance of **increased awareness** of both Communities for the most economical and rational policy possible. In order to be able to judge on this importance, it is required to have knowledge of the money transfers from Flanders to Wallonia and Brussels in the framework of health insurance. These money transfers in health insurance are the difference between income and expenses of Flanders. Based on KBC figures on the one hand and figures of Minister Rudy Demotte on the other hand it concerned EUR 954.034 million in 2002.

Different factors necessitate a most economical health policy possible: the decline in birth rate, the ageing and the increasing technical and medical possibilities. The first factor will cause a decrease of income in the course of time, the last two factors will entail an increase of expenses.

It has been sufficiently known that granting financial responsibility for spending a specific project encourages circumspection for the expenses. Dividing the resources for health insurance between both Communities would also have a cost-reducing

effect. However, the awareness would even increase further when the Communities, moreover, would become responsible for receiving their own income for that sector.

From this it can be concluded that:

1. There are sufficient arguments for granting health care to both Communities, including the health insurance.
2. A solid Flemish political front is necessary for realising this siphoning to the Communities.
3. It is the best financial arrangement that the Communities themselves are responsible for receiving the resources.
4. The principle of solidarity with the weakest evidently needs to be preserved in a Flemish health insurance.

A transparent financial solidarity plan can be negotiated with Wallonia under the following conditions: degressivity in time, result obligation (e.g. in relation to increasing efforts for a preventive policy tackling the larger mortality on young to middle age in Wallonia) and political loyalty toward Flanders.

Together with the other EU countries general recommendation regulations, especially in relation to a preventive health policy, need to be worked on. For the developing countries Flanders needs to support initiatives which the local health workers take or carry depending on the needs of the country concerned.

## 6 Decline In Birth Rate: Pleading For An Integral Flemish Family Policy

The decline in birth rate and ageing create financing problems of Social Security all over Europe. Also in Belgium the fertility rates are clearly under the replacing fertility which amounts to 2.1 children per woman. Because according to figures from Prof. Chris Vandembroeke the fertility level in Flanders (1.56 in the year 2003) is lower than in Wallonia (1.72 in the year 2003) Flanders needs to catch up a lot on Wallonia. The Scandinavian countries succeeded in increasing their fertility level from 1.3 to 1.9 within 15 years time by taking appropriate measures such as a temporary type of financed parental leave. In order to do so the Flemish Community needs to be able to stipulate its own family allowance policy.

In the light of the changed participation of many parents in the classical labour circuit on the one hand and in order to support educational and care work effectively on the other hand the “Gezinsbond” [*Family Federation*] made a number of practical financial and structural proposals. In doing so it departed from the individual freedom of choice of the parents concerning the multiple combination possibilities of family and career work, and of the equality of both types of work.

An additional argument for devolving the family & child allowances on the Communities is the current absence of a coherent authority package in relation to family policy: the fact is that the Communities are authorised for family policy while the federal government is authorised for family & child allowances; therefore, the family policy of the Communities now is an empty box. In order to make the family policy more efficient the family & child allowance policy needs to be siphoned over from the federal government to the Communities.

## 7 Labour Market: Pleading For An Integral Flemish Employment Policy

The Walloon economy clearly is doing worse than the Flemish economy. Witnesses thereof are the unemployment rate which in Wallonia amounts to more than double than the Flemish rate (end of December 2005 18.5% in Wallonia and 8.4% in Flanders) and the clearly lower employment rate in Wallonia compared to the Flemish rate (in 2004 55.5% in Wallonia and 64% in Flanders).

A first cause of this problematic situation are the higher labour costs per product unit in Wallonia regardless of the higher wages in Flanders, and this forms a competition handicap for Wallonia. In order to tackle these large regional differences on the labour market the OECD (Organisation for Economic Co-operation and Development) recommends a regional wage differentiation. In 2001 this organisation wrote in relation to the Belgian labour market: *"...low geographical mobility and the concentration of unemployment on the low skilled suggest that the degree of wage differentiation across regions and occupations still seems to be insufficient"*.

This proposal is logical because wage restraint creates employment. In order to facilitate Wallonia making its labour market better, a strong wage restraint and/or a larger productivity increase than in Flanders is necessary: like this Wallonia is able to increase its competitiveness and attract investments.

The improvement of the Walloon labour market is undermined by a second factor: the Flemish-Walloon money transfers through Social Security and government financing provide such kind of replacement income that the stimulus for self-help becomes much too low for initiatives for encouraging employment.

Due to the unitarian wage policy and the unitarian Social Security linked to it, Wallonia is stuck: they ease the Walloon pain but they do not contribute anything to a Walloon revival; on the contrary, they even have become the motor of the Flemish-Walloon divergency. So the Flemish-Walloon money transfers are counterproductive for Wallonia: they do not have any springboard effect but a hammock effect.

In 2002 the IMF (International Monetary Fund) dedicated an extensive report to the regional labour markets in Belgium and came to analogous conclusions: *“The labor market performance in the lagging areas accounts for Belgium’s poor showing in the EU, and if not corrected is likely to prevent Belgium from achieving its labour market objectives relative tot the Lisbon Summit... Several instruments are potentially available to achieve these goals, including regional industrial policies, and wage and income policies... Wage reductions in depressed areas would not raise employment much if there are large disincentives to work in the form of generous welfare benefits...”*

From the above it turns out that the global unemployment rate in Flanders and Wallonia clearly differs. Moreover, there even are important Flemish-Walloon differences in the unemployment categories. The unemployment of young people (15-24 years) in Wallonia is double of the unemployment in Flanders (in 2003 31.7% in Wallonia and 15.5% in Flanders) while people in Flanders stop working too early. This last information turns out from the rates on the age category of 50-64 years in relation to the unemployment rate (in 2003 4.2% in Wallonia and 3.3% in Flanders) and the employment rate (in 2003 42% in Wallonia and 42.1% in Flanders). The Flemish and Walloon figures differ in this age category respectively much less and hardly anything, as opposed to the figures of the general unemployment and employment rate in both regions. Also long-term unemployment is a much bigger problem in Wallonia than in Flanders. In 2000 it was in Wallonia approximately four times bigger than in Flanders.

The Flemish-Walloon differences both in the global unemployment rate and in the categories which are affected by unemployment require a different approach: different diseases require different remedies. The only good solution is devolving the complete labour market policy, including employment, measures to stimulate employment, unemployment benefits, on the Communities.

Next to the argument elaborated above concerning the differences between the Flemish and Walloon labour market, for devolving the labour market policy and policy for unemployment benefits on the Communities, there is the efficiency argument. Now the Regions are authorised for a large part of the economical policy, employment

policy (especially employment-finding) and for vocational training. However, the policy for unemployment benefits which should be the leverage for exercising this regional authority remained in the hands of the federal government. This problem is also referred to by the OECD in its report of 2001 on the Belgian labour market: *"The government is relying on a wide variety of active and passive measures in dealing with people out of labour force. To some extent the measures suffer from a complicated institutional split of responsibilities. A prime example is the policy towards unemployed, where the administration of unemployment benefits is under federal control and job seeking assistance is under regional control."*

The sub-state authority for stipulating a policy for employment is now an empty box. This can only change by devolving the policy for unemployment benefits to the sub-states so that coherent authority packages are created which will promote the efficiency of the labour market policy not only in Flanders but also in Wallonia.

## 8 Ageing: Pleading For A Flemish Policy To Accept The Future Challenge Of Society

The following table compares ageing in 2050 and 2000:

	Flanders		Wallonia		Brussels	
Age group	Number	%	Number	%	Number	%
<b>0-19</b>	-175,000	-13	-20,000	-3	+5,000	+2
<b>20-59</b>	-440,000	-13	0	0	+50,000	+9
<b>60+</b>	+755,000	+57	+460,000	+64	+90,000	+45
<b>80+</b>	+480,000	+240	+250,000	+220	+40,000	+100
<b>Employment rate in 2003 in %</b>		62.9		55.4		56.2

From this it turns out that:

- the number of young people in Flanders will decrease by 13% and in Wallonia only by 3%.
- the number of people in the age category 20-59 in Flanders will also decrease by 13% and will stay the same in Wallonia.
- the number of over-60 people in Flanders will increase by more than half, and in Wallonia even more.
- Brussels will show a completely different image, especially because it is assumed that 440,000 foreigners will be added.

The dark-grey side of ageing relates, however, to the over-80 people: their number will be multiplied by three both in Flanders and in Wallonia. The number of existing old people's homes will increase by more than double. This is the demographical side of ageing.

It is more important if the pensions and health costs which will increase substantially, can still be paid. It all depends on the people who work. On that level Flanders will be better off in view of its substantially higher employment rate. But the active population group will increase also in Flanders, so in case of an equal employment rate the

number of working people in Flanders and also the potential to pay the allowances will decrease. So, what is the global effect of these partially contrary forces?

**TABLE 1: Dependence of elderly people (60+) / (20-59 years) from 2000-2050**

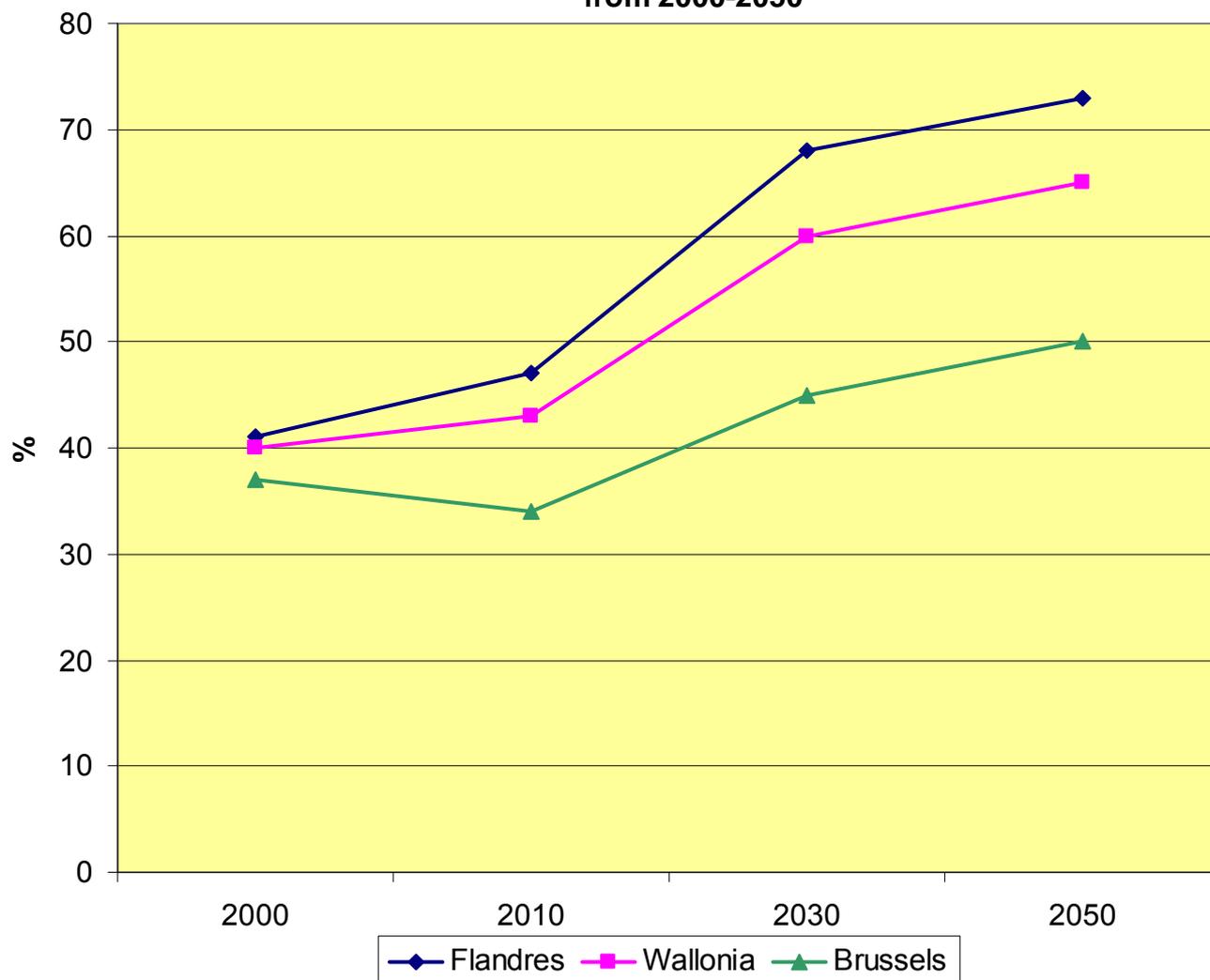
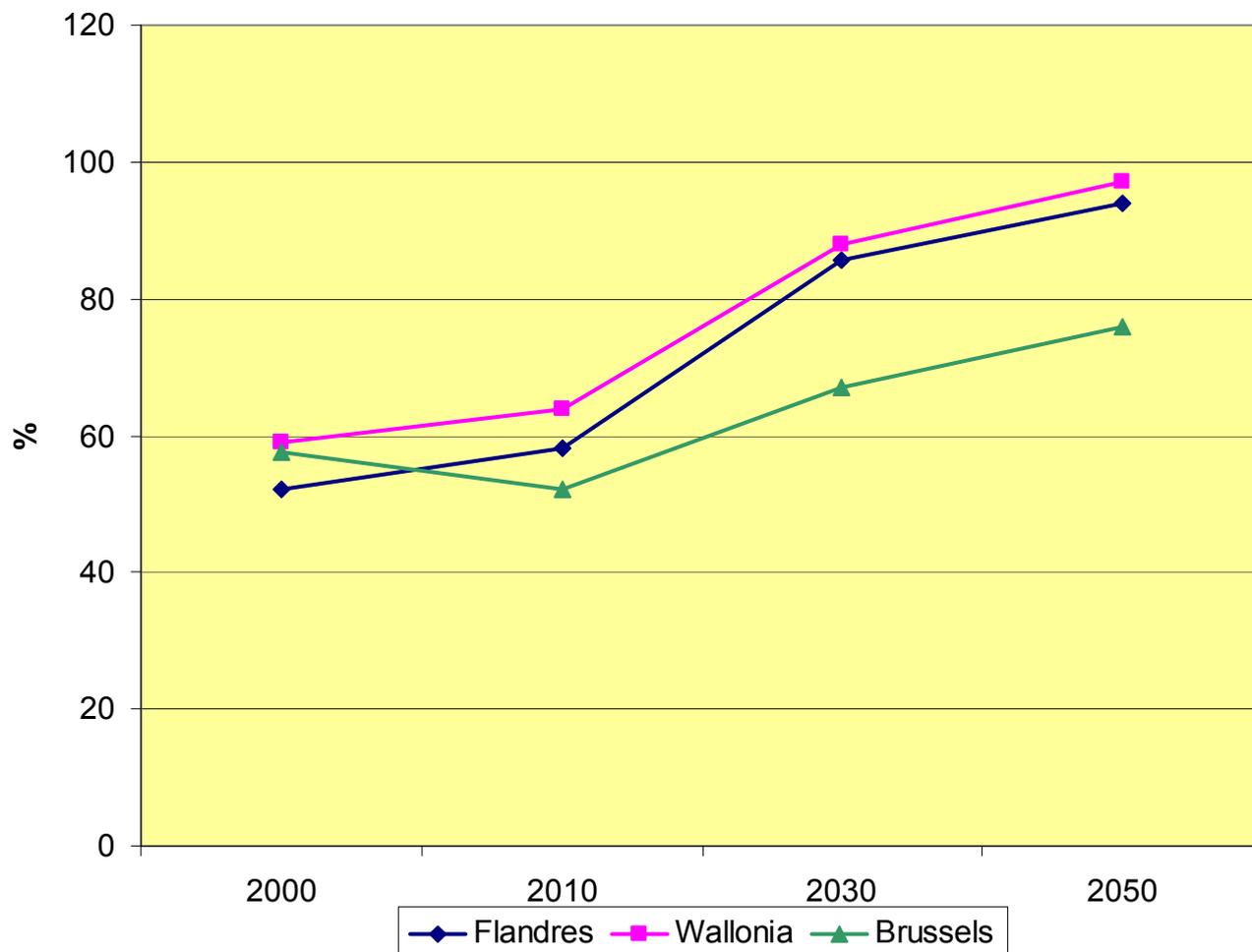


Table 1 gives a demographical view of ageing in relation to the number of over-60 people and the number of people in the age group 20-59 years. In a demographical point of view the burden of the elderly people in Flanders is larger than in Wallonia.

Table 2 below gives an economical view on ageing: the relation between an equal number of over-60-people and the number of working people (i.e. economically those who pay social contributions and taxes) In an economical point of view the financial burden of the elderly people in Flanders is smaller than in Wallonia. This means that Flanders is more able to pay the costs for ageing under the condition that Flanders can develop its own Social Security. If we do not succeed in building up a Flemish

Social the Flemish people of the next generation will not only have to pay more for pensions and health costs of their father, mother, uncle, aunt and grandmother, but also for those of their French-speaking countrymen.

**TABLE 2: Dependence of elderly people (60+) of economical actif persons (2000-2050)**



### **Solution?**

We can solve the problem of ageing in Flanders in the way that we have solved it always, i.e. by:

1. Working
2. Working longer
3. Working with more people
4. Working more productively

All other solutions are not effective or result in breaking down the existing social services.

## 9 Additional Financial Possibilities For A Flemish Social Security

We want to think over and work on a social and solidary Flanders, and alter the flows of money for a positively social project. By giving an example we made a thinking exercise about what we would be able to do with the money of the transfers in Social Security in order to improve the social services in Flanders. After all, there is also a fourth world in Flanders.

Possible Policy Sectors	Million EUR
Family Policy	480
Pensions	670
Employment	1,000
Health Policy	340
Infrastructure of Welfare & Health	315
Disease and Disablement Benefits	235
Flemish Gold Fund	700
<b>TOTAL:</b>	<b>3,740</b>

The total amount is spread out over several social sectors. Behind each of these amounts there are concrete and accurately calculated proposals for raising:

- the family and child allowances
- the pensions
- the allowances for disabled people
- etc.

All this has been converted into EUR per child, pensioned, disabled person, etc. By using half of the amount for infrastructure we are able to finance 100 old people's homes with a capacity of 100 beds per home. At one stroke we put an end to the waiting lists. We conclude that the Flemish people does not want this today, and that perhaps that is why the Flemish politicians are not willing to take any decisions towards this objective. Some of these politicians even find that we can not go to

Wallonia as Vikings, as robbers, as thieves! How can the Flemish people be the thief of its own cents???

We want to spend the money for which the Flemish people itself has worked to social services. Therefore, we do not want to be called egoists or plundering Vikings, certainly not by politicians! We at AK-VSZ consider it as our task to distribute the difficultly obtainable information on this, to stimulate the debate, to move the minds and energy. We will not remain silent!

## 10 GENERAL CONCLUSION

We started from a fundamental position on the principles and boundaries of solidarity. We have illustrated the size of the flows of money in their practical sense, including a number of striking facts and anomalies.

By pleading for an integrated Flemish health care we came to the necessity of obtaining our own Flemish Social Security having the advantages which it would offer after altering the flows of money.

The ageing means an enormous challenge, so altering the flows of money is not only necessary, it is mainly insufficient! Employment, job creation and productivity are the leverages which have to form for the economical basis for being able to keep on paying for Social Security. Therefore, these leverages should come in hand of the Flemish people and Walloon people. Different economical situations or problems require different measures. So both Communities need to be able to realise their own employment policy, including their own Social Security.

After our work of study the conclusion can be established in the following six points:

- 1) We want to siphon the legalisation, financing and executing authority of the complete Social Security to the Flemish and French Communities providing the inhabitants of Brussels the option to choose either the Flemish or French Social Security.
- 2) Because the Social Security and labour market are linked to each other, also the authority to develop a labour market policy should be devolved on the Communities.
- 3) We underwrite the principle of inter-individual solidarity for supporting the socially and economically weaker within our community.
- 4) Dividing the Social Security will not only have a favourable effect of increased awareness on the Flemish Community but also on the French Community in the long run.

- 5) After having divided the Social Security we are prepared to replace the current transfers in Social Security from the Flemish to the French Community by a timely financial aid plan under the following conditions:
  - a. Progressive run-down of the financial aid
  - b. Result obligation in relation to employment and unemployment policy
  - c. Political loyalty in relation to the territoriality principle and the linguistic legislation in Brussels
- 6) In Europe we want the Flemish Community to participate in negotiations on the future European harmonising of social legislation and on the future regulation on interstate solidarity.

