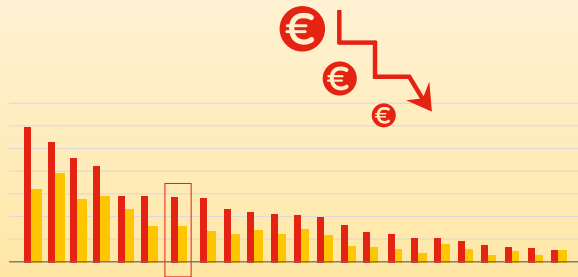


**FGTB**

# Socio-economic barometer 2020



*Socio-economic*  
**Barometer**  
**2020**

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**Men-Women**

All references to people or roles (e.g. worker) refer of course to both women and men.

The data in this brochure is the data available up to 9 October 2020.

# 1. Post Coronavirus: differently and better

We have not experienced a crisis like this since the Second World War, but this one is caused by an unexpected virus. The coronavirus crisis has caused a lot of suffering and difficulty. The FGTB's socio-economic barometer tries to draw lessons in different social domains, because the crisis has also taught us a lot, among other things:

- that the economy and society continue to function in times of crisis, thanks to workers, above all essential workers;
- that the State and social security system have tried to absorb the shock to get us through the crisis;
- that good health care and maintaining purchasing power are essential for being able to cope with the crisis;
- that solidarity is the glue that holds society together.

These are findings that no one can deny today. Now is the time to make a difference. Change has become a necessity because the neoliberal model does not provide answers to growing inequalities, nor to the challenges posed by climate change.

Social protection, maintaining purchasing power, organising solidarity: these are the FGTB's strengths. Change will come not only from politics, but also from citizens.

The coronavirus crisis is therefore an opportunity to change course. But there are also risks. Some will want to return quickly to the normal way of things, while others will always oppose a solution that would mean showing solidarity when it comes to paying the bill (which is increasing day by day) requiring them to make a higher contribution.

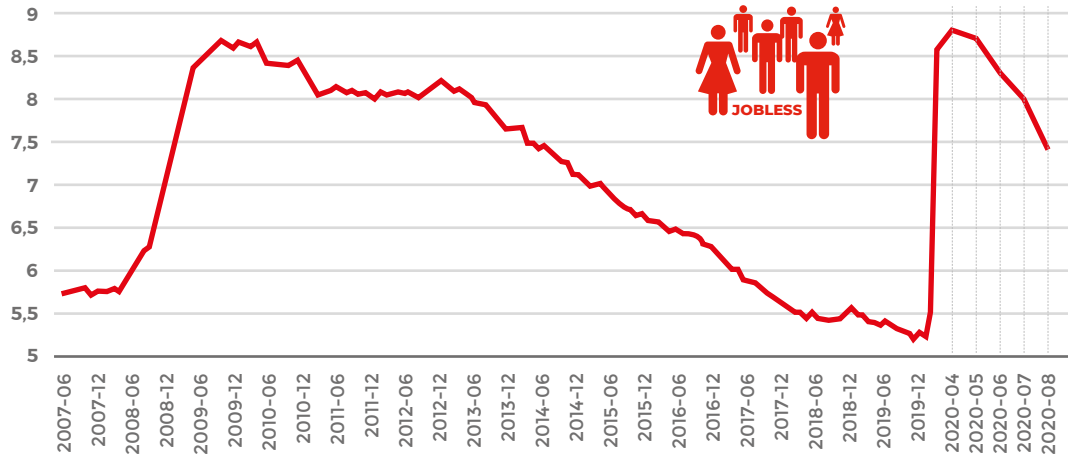
This edition of the socio-economic barometer tries to provide the figures to shed light on the problems and then propose solutions for the months and years to come. We will look at how everyone has been affected by this crisis, but also at how to make our model of society more resilient.

## **1.1 The last ten years: swept away!**

But let's start by zooming out and see how the coronavirus crisis has affected the whole world economically. Unemployment figures are a relevant indicator. The impact of the coronavirus crisis is deeply disturbing. All the jobs created in OECD countries since the 2008 financial crisis have disappeared in a matter of months. It is impossible to predict today how soon these jobs will return.

*“All the jobs created in OECD countries since the 2008 financial crisis have disappeared in a matter of months.”*

**UNEMPLOYMENT RATE IN THE OECD COUNTRIES IN %  
(June 2007 - August 2020)**



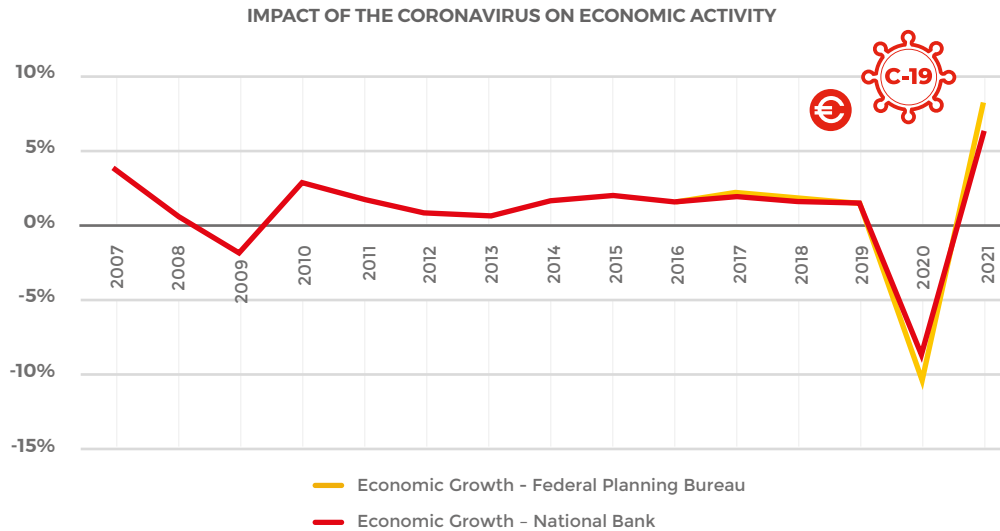
Source : OECD, 2020.



## **1.2 The biggest shock to the Belgian economy since the Second World War**

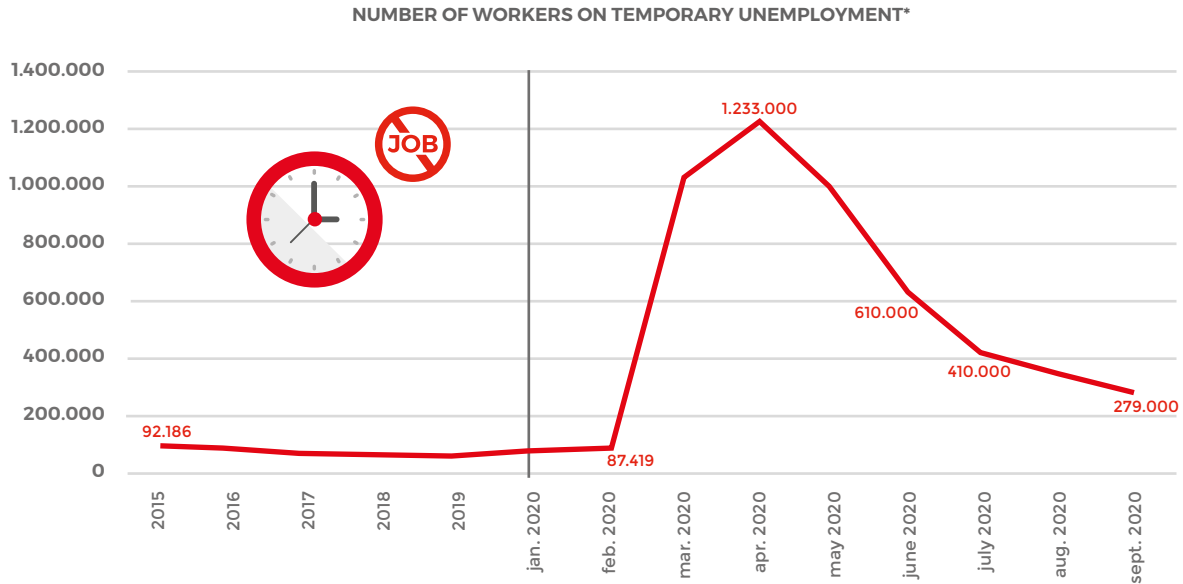
Now let's take a look at the impact in Belgium. Although gross domestic product (GDP) is not an ideal indicator to measure social cohesion, well-being and prosperity, its evolution gives an idea of the impact of this crisis in Belgium from a historical perspective. The impact of the coronavirus crisis is much greater than that of the economic and financial crisis of 2008. While our economy experienced a 2% contraction in 2008, according to forecasts by the Federal Planning Bureau and the National Bank of Belgium (BNB) in 2020 the Belgian economy is set to contract by nearly 10%. Everything will also depend on the speed of recovery after the pandemic.

*“According to forecasts by the Federal Planning Bureau and the National Bank of Belgium, in 2020 the Belgian economy is set to contract by nearly 10%.”*



Source : BNB, Planning Bureau, 2020.

Compared to other countries, Belgium has not been hit so hard by permanent unemployment. Fortunately, we can count on our social security system. The temporary unemployment scheme has allowed Belgium to react quickly. Our social security system has proved its efficiency and flexibility. The scale on which the system has been (and is) used is unparalleled. The following graph shows the evolution of temporary unemployment claims from 2007. An evolution which shows how exceptional this shock is. At the height of the lockdown, more than a million Belgians were able to claim temporary unemployment.

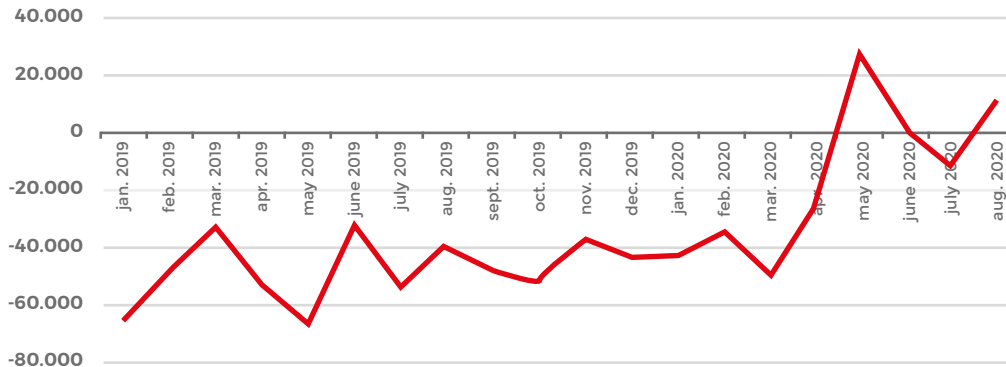


Source : Economic Risk Management Group (ERMG), ONEM, 2020.

\* the figures for 2015-2019 are annual averages

But not everyone could count on this extended protection. Workers with precarious contracts (temporary, temporary) were the first to pay the price. Despite the temporary unemployment scheme, therefore, permanent unemployment is rising. Over the next few months, we can expect business closures and restructuring. It is impossible to assess the impact of this crisis in the months to come, given that many workers still have temporary status, not to mention the looming wave of bankruptcies.

**EVOLUTION OF JOB SEEKERS**  
(difference year on year)

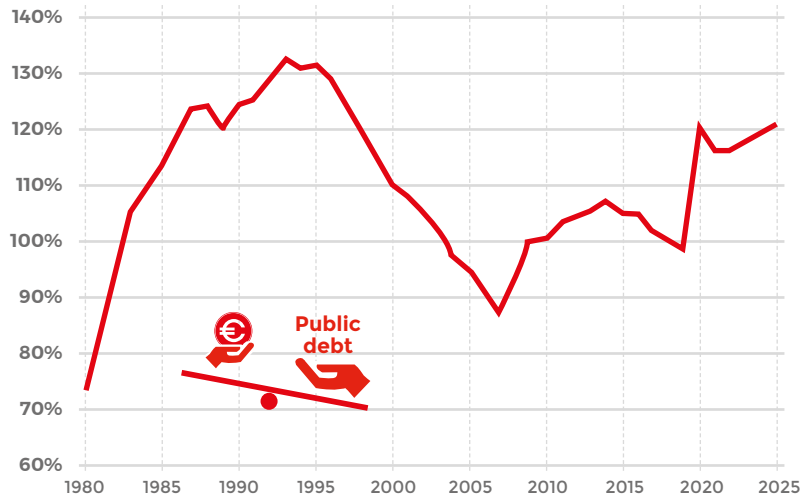


Source : ONEM, 2020.

The economic shock comes at significant cost and its impact on public finances reflects that. According to the Planning Bureau, the debt ratio of the Belgian state has increased by more than 20% in two years. While in 2008 the increase was mainly due to the recovery of bad financial assets from banks, today it is the result of economic decline and measures to support citizens and businesses. We believe a public debt audit is therefore needed.

*“The debt ratio of the Belgian state has increased by more than 20% in two years”*

EVOLUTION OF AND FORECAST CHANGES IN BELGIAN PUBLIC DEBT (1980-2025)



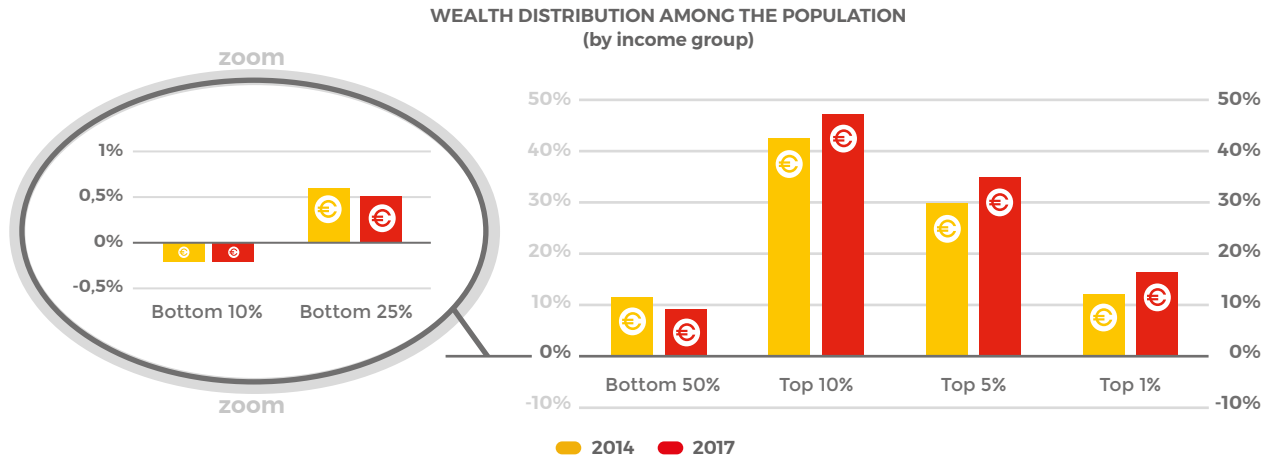
Source : Federal Planning Bureau, 2020.

### 1.3 Inequalities more glaring than ever

This crisis has above all revealed existing inequalities. In recent years, the imbalance between “the few who have a lot and the many who have little” has only increased. This explains the vulnerability of many of our citizens when they were confronted with the crisis. There is no better statistic to demonstrate this than that of wealth inequality.

In 2017, the bottom 50% of Belgian households owned around 9% of net assets. The richest 10% of Belgian households owned five times as much, or around 47%.

*“The richest 10% owned nearly half of all wealth”*



Source : University of Antwerp, 2020.

In recent years, the rich have become steadily richer.

The richest 10% of Belgians own:

- 91,7% of total property rights
- 83.8% of bonds
- 78.7% of listed shares
- 60% of property rights

In the following chapters, we will examine with precision and detail how our socio-economic fabric has been affected by this crisis: families, businesses ... not forgetting the consequences for our social security system. And we will also see what other inequalities have been exacerbated by the crisis.

Finally, we must stress that this crisis has shown that while the health of citizens cannot be guaranteed, our entire society is caught up in this. It highlights the fact that spending on health care is not a burden on society, but a necessary investment.

## 2. Purchasing power

The impact of the coronavirus crisis on the incomes of many of us has been enormous. The loss of income has been felt above all by those who have lost their jobs or whose working time has been reduced in recent months. It is a further blow to workers whose incomes had barely risen in recent years owing to a policy of wage moderation and a limitation on allowances.

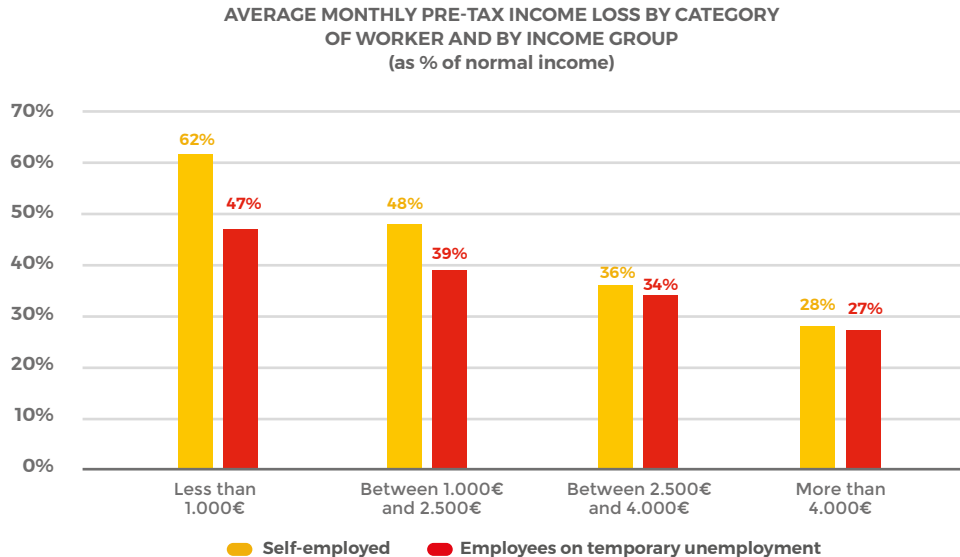
We are therefore calling for:

- A fair share of the pie for all workers, which will require a fundamental reform of the 1996 law;
- An increase in the minimum wage to at least 14 euros an hour;
- An increase in social allowances to the poverty line at least.



## 2.1 In the wake of the coronavirus crisis, the lowest incomes are suffering the greatest losses

Although during the first months of the coronavirus crisis, the political world focussed mainly on the impact on businesses, we were able – notably because the FCTB asked for it – to get an idea of the impact on household incomes. When we look specifically at the temporarily unemployed and the self-employed, the figures collected by the BNB during May speak for themselves: the lower the income, the higher the percentage of income loss.



Source : BNB, ERMG, Corona Survey, May 2020.

**The loss of income among the temporarily unemployed and the self-employed was more pronounced among LOW-income households.** For the temporarily unemployed, this is surprising, as theoretical models had shown, on the contrary, that the percentage loss would be greatest for high incomes.

Explanatory factors:

- a) those on high incomes more often receive an employer supplement to their temporary unemployment benefit (skimmed);
- b) workers with lower incomes are often employed in the sectors affected by temporary unemployment. Workers with higher incomes are more often occupied in sectors where temporary unemployment has been applied less.

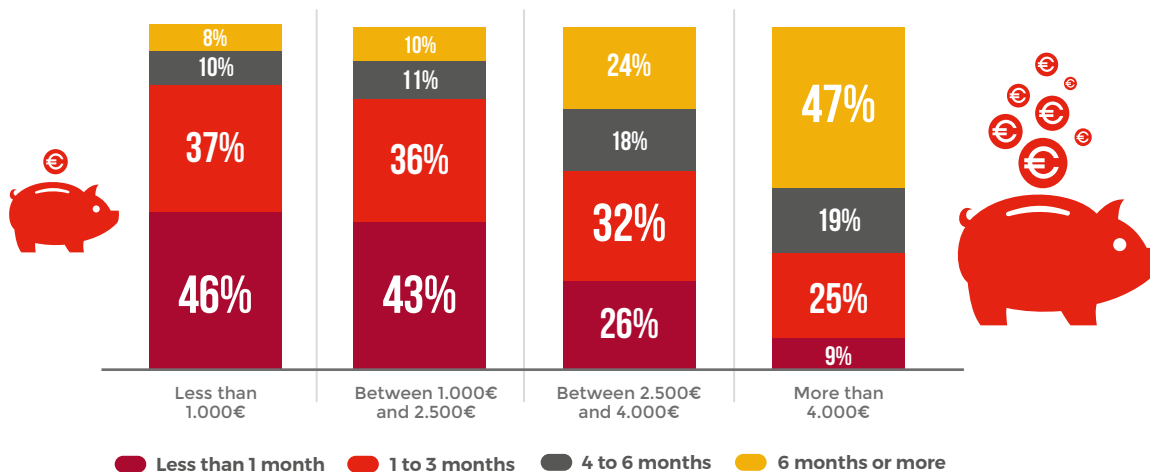
## **2.2 The coronavirus crisis has exposed our low savings reserves**

In normal times, many Belgians (48 %) are unable to save (according to a survey by Solidaris).

**The vulnerability of households on the lowest incomes is all the greater when they have low savings reserves.** This means that in the event of a financial setback (such as temporary unemployment), these households quickly deplete their savings:

- Among households who have suffered an income loss of more than 10% and whose net household income amounts to €1,000 to €2,500, 8 out of 10 have a savings reserve of at most three months.
- Among households whose income is over 4,000 euros, half have savings for over six months.

LEVEL OF SAVINGS OF HOUSEHOLDS SUFFERING A LOSS OF INCOME OF MORE THAN 10%, BY INCOME GROUP



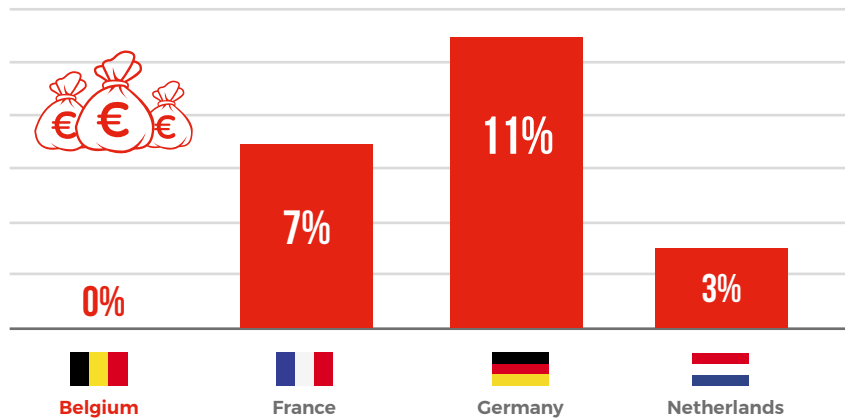
Source : BNB, ERMG Corona Survey, May 2020.

## 2.3 Our wages have been undervalued for years

For years, Belgian wages have been the poor relations, compared to wages in neighbouring countries. Of course, our wages are still increasing, but the increase is barely enough to compensate for the rise in the cost of living (inflation). Fortunately, we have automatic indexing. However, if wages move solely on the basis of inflation, it means a loss of prosperity for workers. Indeed, apart from inflation, the increase in productivity should also be reflected in the evolution of wages. Each year, Belgian workers become more productive: they produce more per hour. This productivity gain should be reflected in real wages. We see that in recent years real wages have stagnated.

*“Real wages have stagnated. No productivity gains have been passed on to the workers.”*

DEVELOPMENT OF REAL WAGES OVER TEN YEARS (2009-2018)



Source : ETUI, 2019.

And yet, these productivity gains were very real. In a fair economy, the increase in wages parallels that of productivity. This would mean that the earnings from rising production would be distributed equally between the owners of the means of production and the workers. In our country, the gap between wages and productivity has widened further: more than 12% since 1996. Workers are therefore increasingly deprived of their share of prosperity.

*“In a healthy economy, wages would develop at the same rate as productivity.  
In our country the gap is getting wider and wider.”*



Source : OECD, 2019.

## **2.4 Belgian wages are competitive**

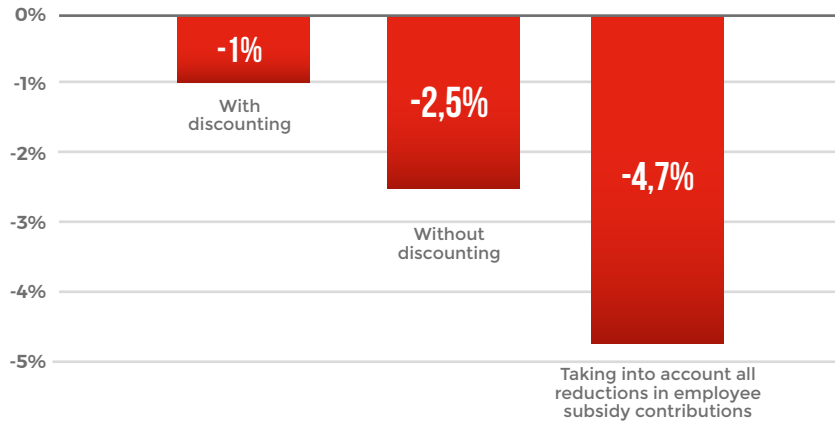
The Michel government took harsh and unnecessary measures to make our country supposedly more competitive in international markets. It handed out gifts to businesses, such as cuts in social security contributions and a reduction in corporate income tax. In addition, it took measures which, from the same perspective, seriously reduced our purchasing power: a sharp index rise, a decrease in wage margins (in addition to indexation) and an increase in indirect taxes (VAT, etc.), excise duties and the prices of services and public services.

## **Is Belgium more expensive than neighbouring countries?**

Wages in Belgium and in neighbouring countries are analysed at two levels.

- 1. There has been a legal comparison since 1996.** At the time it was foreseen in law that Belgian wages could not rise faster than wages in neighbouring countries. In other words, the difference in wages, in the development of wages, since 1996 should in principle be 0%. Following a series of government measures, since 1996 (the date of the infamous law on wages) wages in Belgium have increased more slowly than in neighbouring countries: the wage bill in Belgium rose by 4.7% more slowly than the wage bill in Germany, France and the Netherlands (see the graph "Pay gap since 1996"). It should be noted that currently several corrections are being made to the 1996 law in order to reach the final calculation of the pay margin. For example, all wage reductions granted to businesses following the tax shift are simply "forgotten".
- 2. The absolute wage difference, i.e. the difference in the level of wage costs.** This is simply a case of comparing the hourly cost of labour in Belgium with that of neighbouring countries. In absolute figures, it can be determined that Belgium is more expensive. But that is normal and logical. What must be taken into account is the productivity of one hour of labour, as that is the decisive factor for establishing a wage. Belgian workers are more productive than workers in neighbouring countries. They "earn more" for the company which translates into higher wages. If we take this difference in productivity into account, we find that Belgium produces at less cost than its neighbours: the wage difference is about 1% in Belgium's favour. A company that takes its cost/income ratio into account is therefore better off investing in Belgium (see the graph "Differences in wage levels").

### PAY GAP SINCE 1996 (estimate for end of 2020)



Source : CCE, 2020

### DIFFERENCE IN WAGE LEVELS BETWEEN BELGIUM AND NEIGHBOURING COUNTRIES TAKING PRODUCTIVITY INTO ACCOUNT

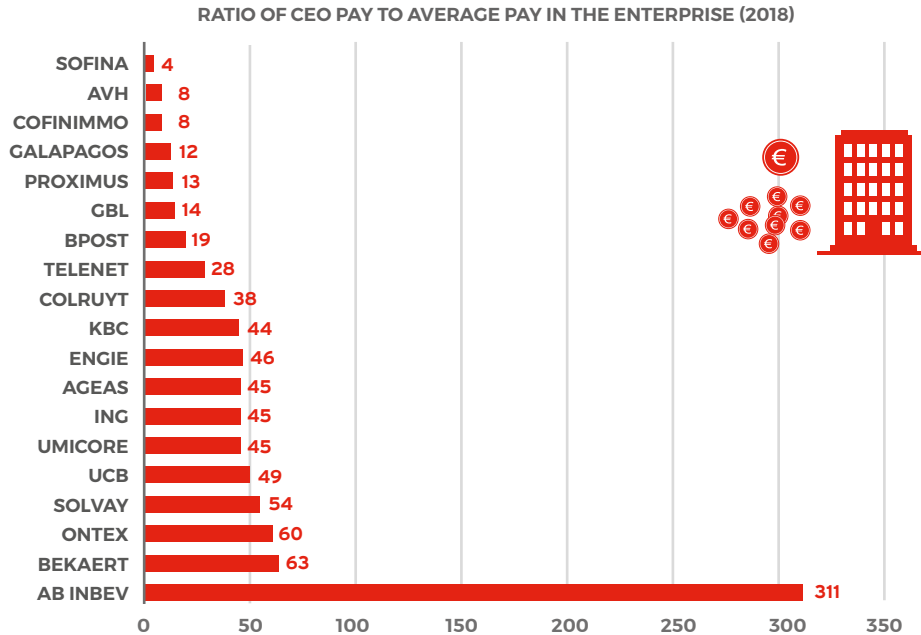


Source : CCE, technical report, 2019



## 2.5 Wage moderation has not affected everyone ...

For years, ordinary workers have suffered severe wage restraint which apparently does not apply to everyone. In some companies, Chief Executive Officers (CEOs) take this further than in others. The gap between the CEO's pay and the average pay of workers in the same company is called the wage tension. The higher this wage tension, the more the CEO's pay exceeds the average worker's pay in the same company.



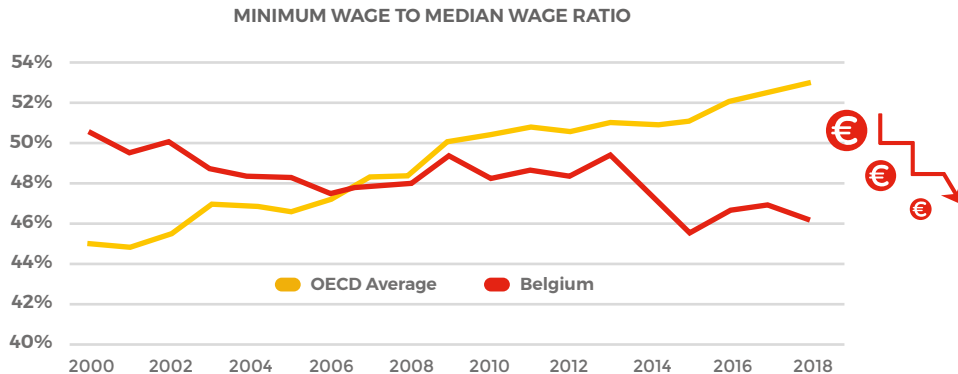
Source : De Tijd, 2019.

## 2.6 ... others will have to wait before things get better

Over the past two years, the FGTB has been alone in working for a significant increase in the minimum wage. We want to reach the necessary threshold of €14/hour as soon as possible. During the negotiations, we hit a wall. The employers refused any constructive debate, despite the commitments made under the 2019-2020 AIP (inter-professional agreement).

The situation for those working for the minimum wage is not getting any better. The minimum wage is steadily losing value compared to other wages. We can illustrate this by comparing the median wage (the middle wage, if wages were divided into two equal parts) and the minimum wage. While in other OECD countries (the 37 most industrialised countries in the Western world), the minimum wage is gaining more and more “value”, the opposite is happening in Belgium.

*“Instead of increasing the minimum wage,  
the gap between wages is getting ever wider”*



Source : OECD, Minimum Wage Data Base, 2019.

According to Eurofound (2020), 21% to 36% of workers employed at minimum wage have the greatest difficulty in making ends meet. The minimum wage debate will resume in the post-coronavirus era. The workers who were on the front lines during the coronavirus crisis are often the ones who earn the least. These workers not only deserve applause, but also a little more financial comfort. This subject is discussed in Chapter 4 of this Barometer.

## 3. Business support and the coronavirus

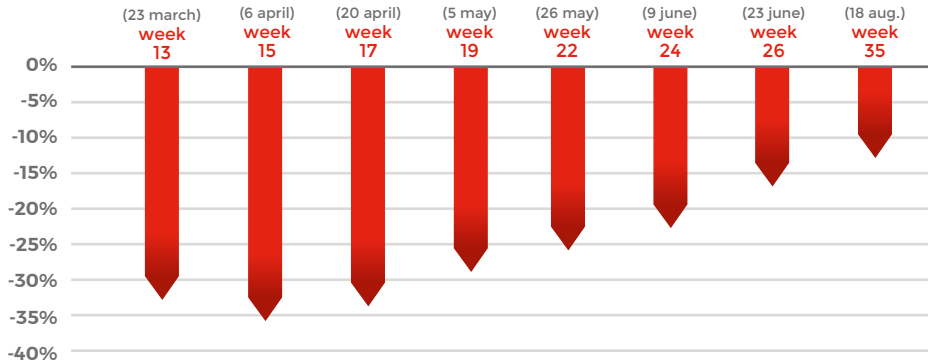
The bill for the coronavirus crisis is a heavy one and the burden must be shared fairly. The State and our social security system are doing their part to support the whole population, including those who in the past considered this sort of help as wasteful, and have for years questioned the need to finance it. As the FGTB we would like:

- that commitments be made to continue financing social security in future;
- that we think about the effectiveness and proportionality of business support mechanisms, now and in the past;
- that business support be conditional upon a sustainable investment strategy and on businesses being based locally.

### 3.1 The impact of the coronavirus on businesses has been very unequal

Businesses and the self-employed saw their turnover decline as a result of the lockdown and a fall in demand in the months that followed. But not all sectors have been impacted in the same way. At the height of the crisis, throughout the Belgian economy, there was a fall in turnover of around 36%. This decline was less marked in the weeks that followed.

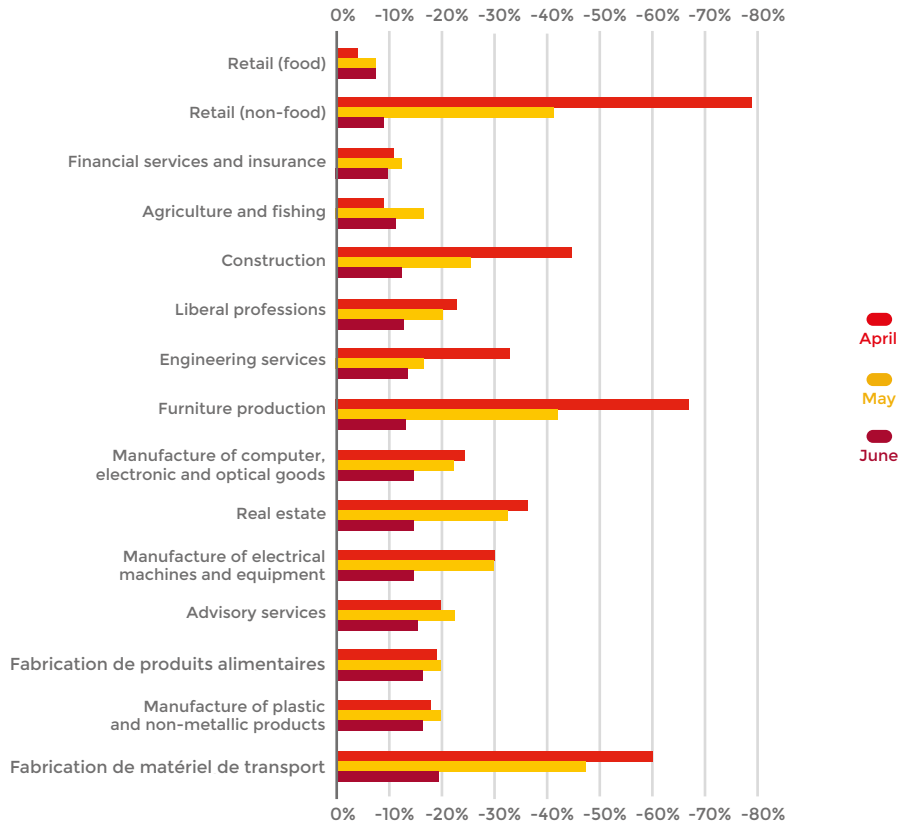
### IMPACT ON THE TURNOVER OF BUSINESSES AND THE SELF-EMPLOYED



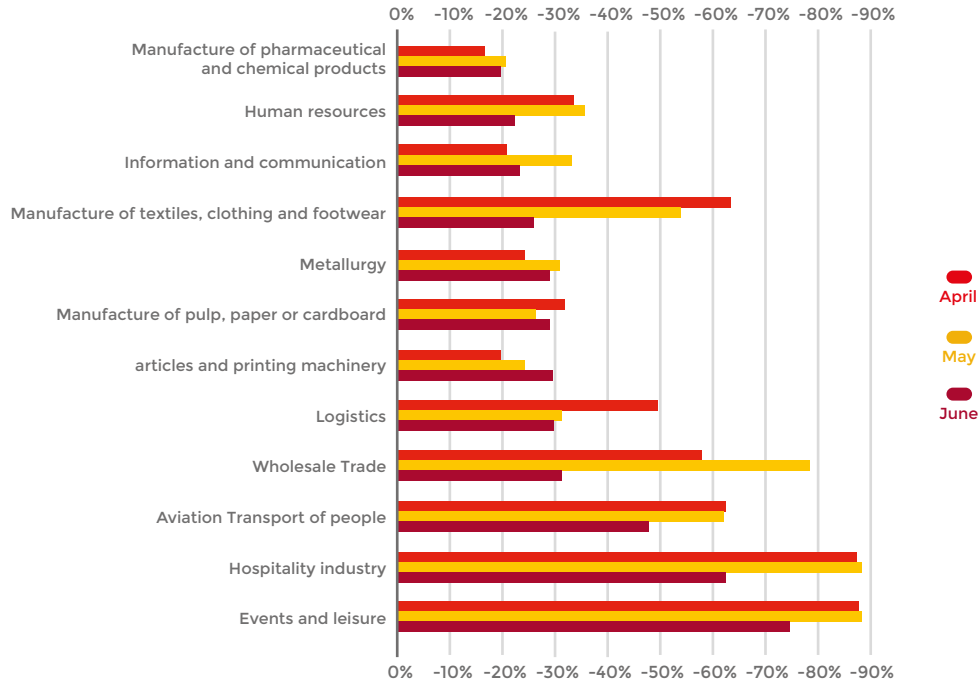
Source : ERMG, survey of employers' organisations, 2020.

Small businesses have suffered greater losses than large ones. And the difference between sectors is very marked. The hospitality industry, the events and leisure sector, as well as the passenger transport sector experienced the biggest drop in turnover. In retail (non-food & food), construction, support services, agriculture, finance and the processing industry, the recovery has been faster. An average over the months of March, April, May and June clearly illustrates the development in the sectors which have been the hardest hit. We can see that some sectors certainly need help, while others need it to a lesser extent.

**SECTORS WITH A SMALL LOSS OF TURNOVER  
(less than a 20% fall in turnover in June 2020)**



### SECTORS WITH GREATER AND LONGER LASTING TURNOVER LOSS DURING THE CORONAVIRUS CRISIS



Source : ERMG, 2020.

## 3.2 Support measures: too general

This section looks at the support measures for the period March to September 2020. The new measures taken in the framework of the second lockdown are not considered here.

From the start of the crisis, the right-wing Liberals and employers' organisations pressed for general support measures, applicable to all sectors, while the data above clearly shows that targeted sectoral measures would have been more useful.

The State has taken more than 180 measures to support businesses and households. The National Bank has made a comparison and an estimate of the potential cost in 2020. We see the temporary unemployment system as an aid to both households and businesses. This is a form of flexibility offered to companies which, in the event of a slowdown/stoppage of activity, do not have to pay the workers because they are paid by the community. The estimated total cost of temporary unemployment (€4.5 billion in 2020) is distributed proportionally.

The conclusions that can be drawn are as follows:

- €11.7 billion went to businesses and the self-employed, regardless of the €52 billion drawn from guarantee systems (bank guarantees) granted by federal and regional authorities.
- €3.4 billion will reach households in 2020. Without taking into account temporary unemployment, support for purchasing power amounts to a meagre €1.1 billion.



## BUSINESS SUPPORT MEASURES

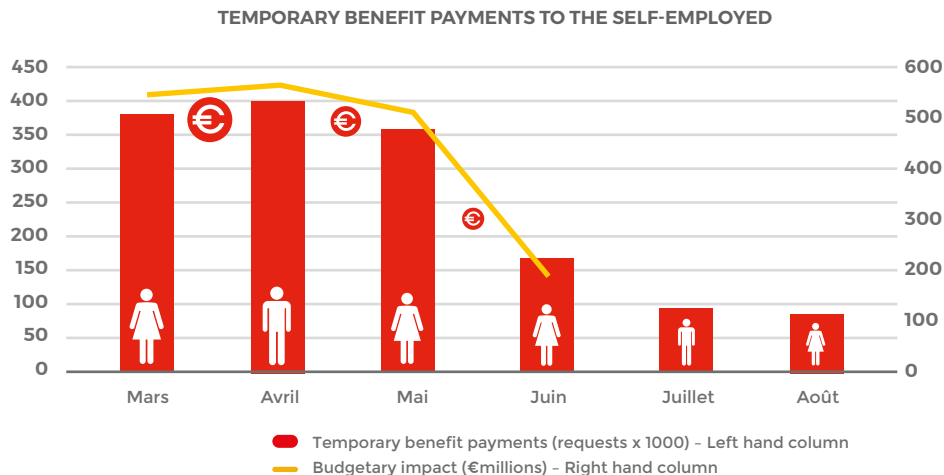
FEDERAL	In billions of euros
Temporary unemployment	2,25
Temporary benefit for the self-employed	2,4
VAT reduction for the hospitality industry	0,3
<i>Solvency assistance</i>	2,4
- <i>Tax intervention</i>	1,5
- <i>Transfers to businesses</i>	0,5
- <i>Capital injections and loan arrears</i>	0,3
Help with cash flow (deferral of cash payments)	0,5
Bank guarantee scheme	50
REGIONAL	
Flemish hardship premium for compulsory closures	1,5
Support in the event of a significant decline in turnover	1
Support for the non-market sector, various	0,7
Capital injections and loan arrears	0,7
Guarantees	2
<b>TOTAL (without guarantees)</b>	<b>11,7</b>
<b>TOTAL (with guarantees)</b>	<b>63,7</b>

Source : Bfp, BNB, 2020.

### 3.3 The self-employed and social security

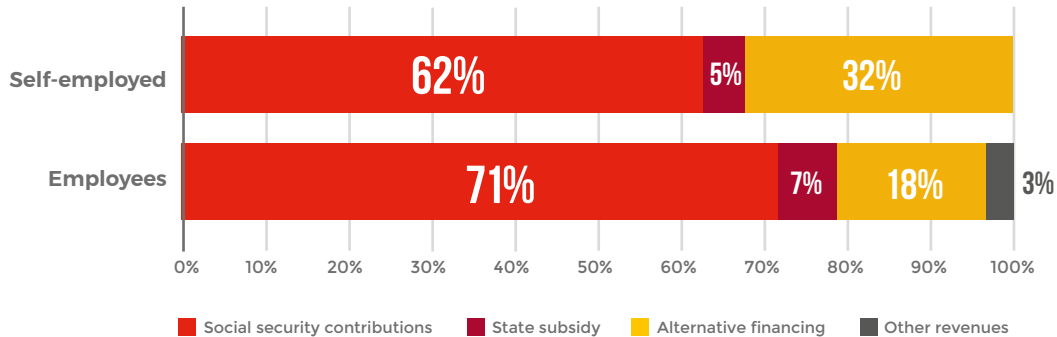
It is useful to look at a part of our economy that has been specifically affected: the self-employed. Between March and June 2020, aid in the form of a temporary benefit payment amounting to more than €1.8 billion was granted to them by the State, independently of regional/local aid and other interventions (such as payment deferral measures). Solidarity is an essential facet of our society. Our social security system is too often seen as a burden. However, as the figures show, a strong social security system can and will be a necessary lifeline for all.

B2B (Business to Business) activities resumed on 4 May, followed on 11 May by commerce (except for hotels). The hospitality industry was able to resume operations on 8 June.



Source : ERMG, ONSS, august 2020.

### WHO PAYS FOR SOCIAL SECURITY?



Source : Monitoring Committee, June 2020.

Seventy per cent of social security is financed by the wages of employees. In other words, we mainly provide our own social protection. At the same time, 25% of the funding comes from the State, via alternative funding and a State subsidy<sup>1</sup>. Among the self-employed, the State plays a much more important role. Thirty eight per cent of social protection is not funded by the self-employed, but by the State, a point that is rarely highlighted. Very often, for employee social security, we think in terms of revenue and expenditure, while we think more in terms of multiple contributions when it comes to the social protection and social contributions of the self-employed.

<sup>1</sup> The remaining 5% of revenue is from other sources (such as granted revenues, external transfers, endowments from federated entities...)

### 3.4 Pre-existing business subsidies remain high

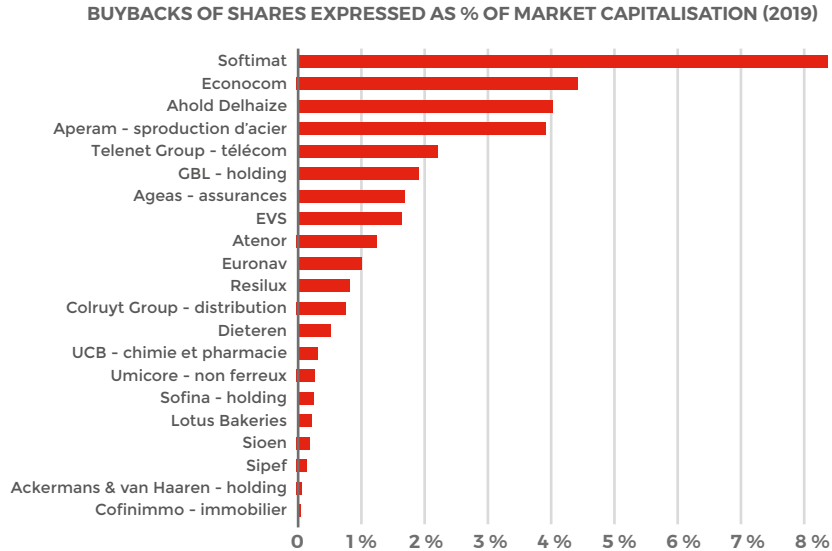
In this whole business support debate, we should not forget that most businesses already received significant State aid. Companies are exempted from paying a significant portion of social security contributions to the national social security system - ONSS and they receive billions in wage subsidies (amounts that are deducted from gross wages, but that the employer does not have to pay to the tax authorities). Thus, in 2018, companies received €10.4 billion in subsidies (comprising €7.9 billion in wage subsidies and €2.5 billion in reductions in employer contributions). Night work and overtime are also subsidised, to a total of €1.7 billion (!). In early 2019, the Court of Auditors stressed that the effectiveness of this State aid was unproven and that it was difficult to monitor.

In millions of euros	1996	2018
Wage subsidies, including:		
Via social security	117	3.489
Via the federal tax system:	0	2.734
<i>Night work and shift work</i>	0	1.567
<i>Overtime</i>	0	165
<i>R&amp;D</i>	0	620
<i>Other</i>	0	383
Via the Regions	187	485
Reductions for target groups	529	1.194
<b>Total wage subsidies</b>	<b>833</b>	<b>7.902</b>
<b>Reductions in employer contributions to ONSS</b>	<b>1.294</b>	<b>2.499</b>
<b>Total advantages</b>	<b>2.120</b>	<b>10.400</b>

Source : CCE, Technical Report, 2019.

### 3.5 Building stronger company reserves, an increasingly difficult choice

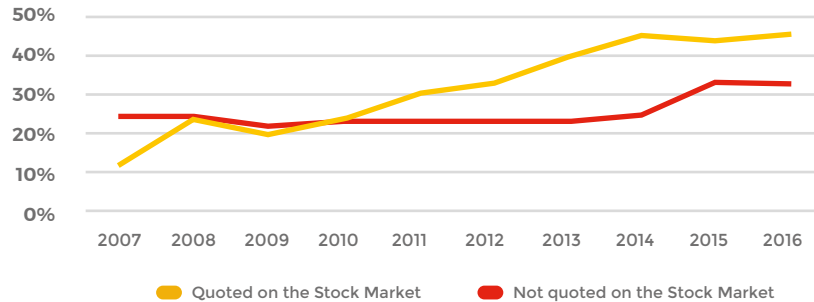
Many large companies in our country have received State aid in recent months (with a reduction in or the covering of labour costs, loan guarantees, direct state aid, etc.). Unfortunately, it is clear that many companies listed on the stock exchange in 2019 carried out large-scale buy-backs of their own shares. This means that instead of placing the money strategically or investing it in the company, managements preferred to treat their shareholders by artificially raising the price of the shares (since there are fewer shares on the financial market) and inflating dividends. For the largest listed companies, the value of the buy-backs of own shares exceeded €1.9 billion. This trend that has been observed for several years now.



Source : Annual accounts, own calculations, 2020.

Speaking of shareholders: the coronavirus crisis has proved that it is necessary to keep essential parts of our economy in Europe to guarantee supply chains. Over the past ten years, however, we have seen a significant shift in the ownership structure of European companies. Forty five per cent of the shares (assets) of listed companies are held by groups outside the European Union, against only 10% in 2007. This makes us vulnerable in investment decisions and undermines the European culture of social dialogue. More and more often, the centre of decision-making is moved out of Europe, usually very far away.

**SHAREHOLDING OF EUROPEAN COMPANIES HELD  
BY GROUPS OUTSIDE THE EU**



Source : European Commission (2019),  
*Commission Staff Working Document on Foreign Direct Investment in the EU.*

## 4. The coronavirus is reinforcing the inequalities in our labour market

The health crisis we are living through is highlighting the inequalities in our society. To be more precise, the inequalities that already existed in our labour market are being amplified.

That is why the FGTB is demanding recognition and respect, for all workers. In concrete terms, this means:

- A re-evaluation of the roles and working conditions of workers employed in essential sectors. Not only by means of a pay rise, but also via greater investment and resources;
- A pay review for underpaid jobs, including notably an €14 euros;
- A better support framework for those in precarious employment, such as agency workers, those in flexi-jobs and workers in the gig economy.

## 4.1 The sudden recognition of essential sectors

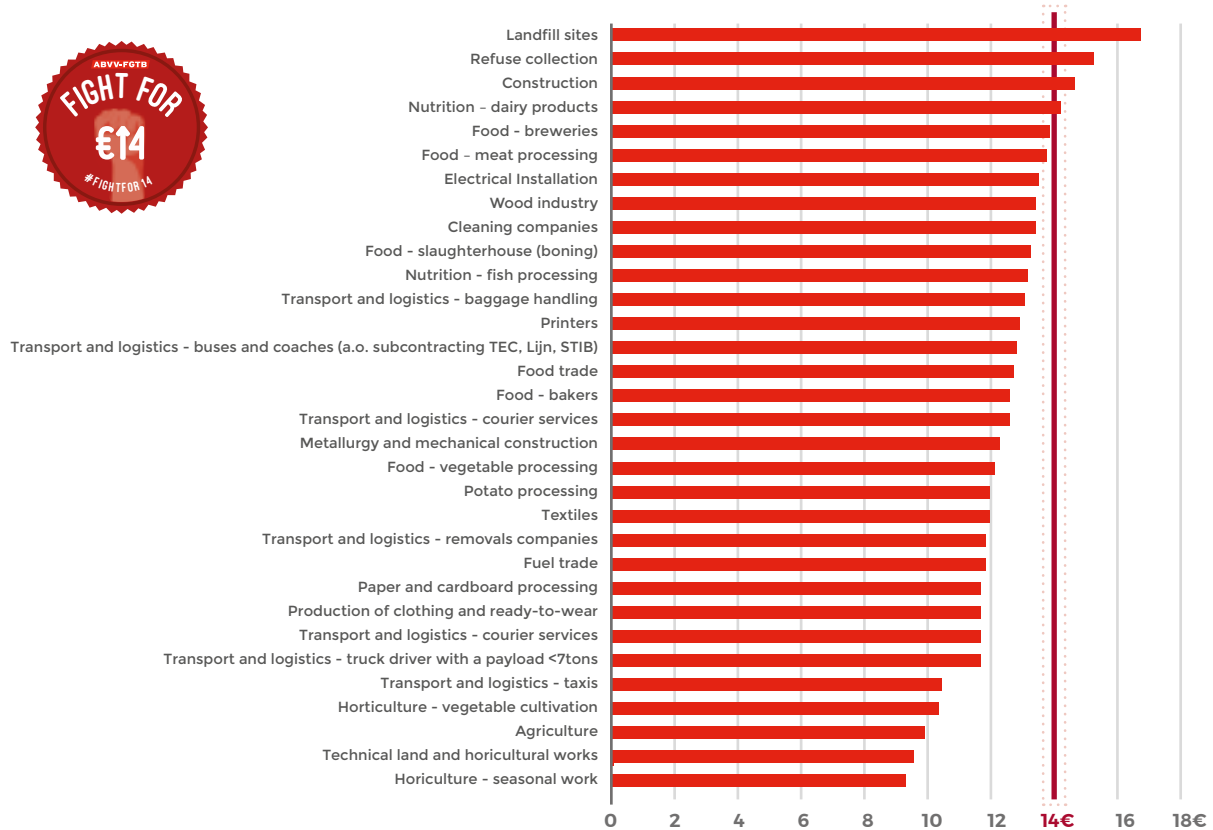
At the end of March 2020, the Wilmès government drew up a list of essential sectors: While the rest of the economy was paralysed, workers in these sectors had to keep working because they were essential to keep our society going. Very often underpaid and with difficult working conditions, these workers ensured that health care, food supply, transportation, cleaning services, utilities and strategic industrial production were maintained. While before the crisis no attention was paid to these workers, they are now considered heroes. That is all well and good, but just how long will this last?

In most essential sectors, the minimum wage is less than €14 euros per hour (or 2,300 euros per month). For the FGTB, this is the minimum salary threshold to be able to lead a dignified life.

*“In the majority of essential sectors,  
the minimum living wage threshold has not been reached”.*

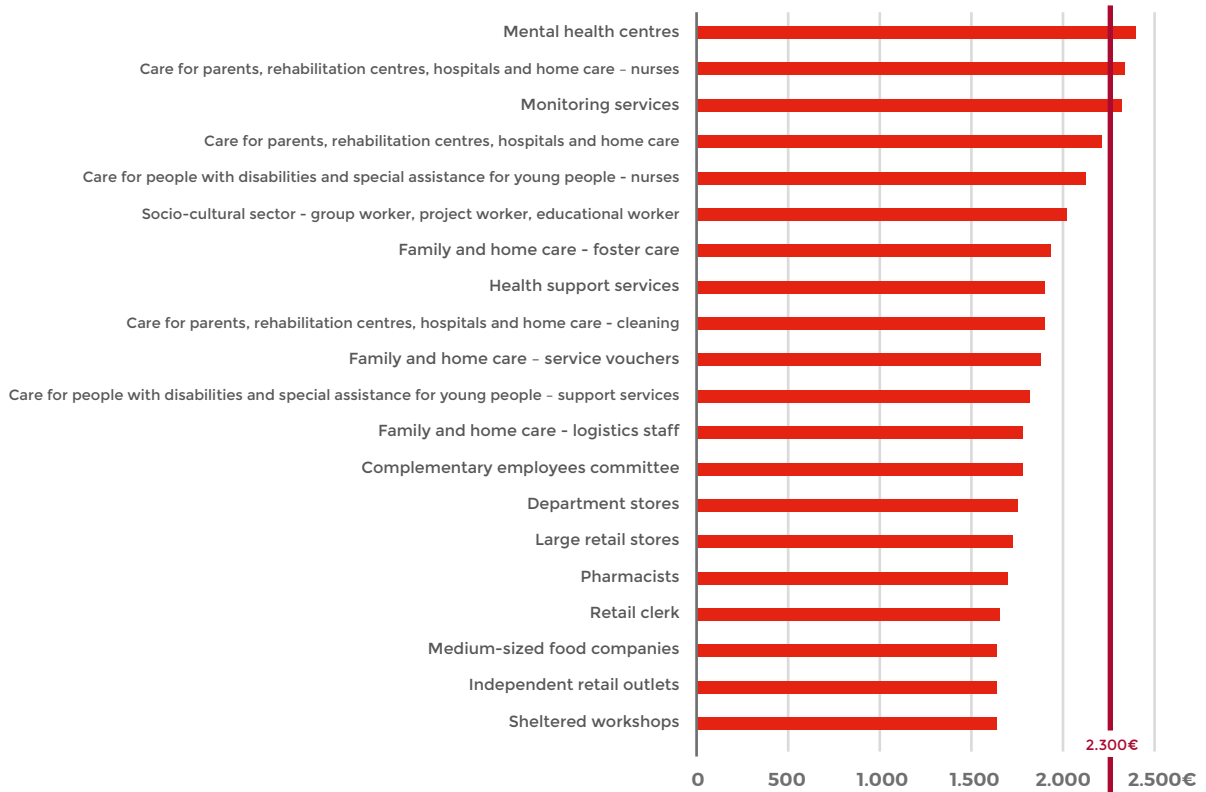


## MINIMUM HOURLY PAY IN THE ESSENTIAL SECTORS (BLUE COLLAR WORKERS / WHITE COLLAR EMPLOYEES)



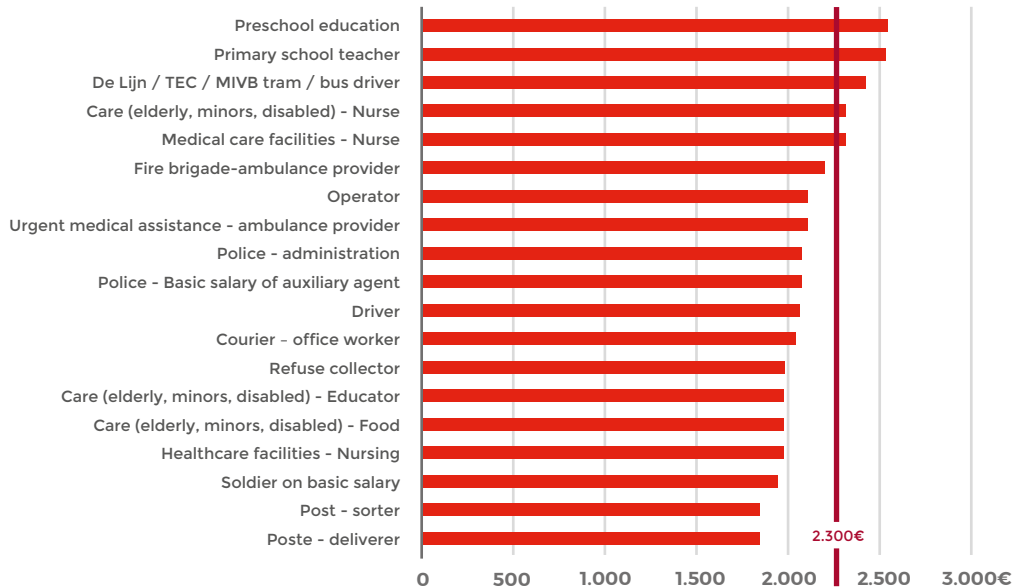
Source : Employment, Minimum wage data base, 2020.

### MINIMUM MONTHLY WAGE IN ESSENTIAL SECTORS (WHITE COLLAR EMPLOYEES)



Source : SPF Employment, Minimum Wage Data Base, 2020.

### MONTHLY STARTING SALARY ESSENTIAL SECTORS (PUBLIC SERVICE)



Source : various public sector committees, 2020.

Looking at these figures and at the same time realising that these are what are considered as “essential” jobs makes them all the more depressing. If they are really so essential why is it not reflected in their pay? Improvements are planned for the health sector, but they has yet to be put into practice.

Salaries aside, these people have faced particular difficulties in balancing work and home life. Teleworking is not possible, nor is temporary unemployment. Studies conducted abroad have highlighted the higher risk of both infection and death for workers in all essential sectors.

## 4.2 Coronavirus: women in the firing line

The coronavirus affects everyone, but some more than others. In the sector most at risk, namely the care sector, 78% of workers are women. A brief overview of the sectors classed as “essential” by the government shows us that in the other sectors at risk, the majority of employees are women.

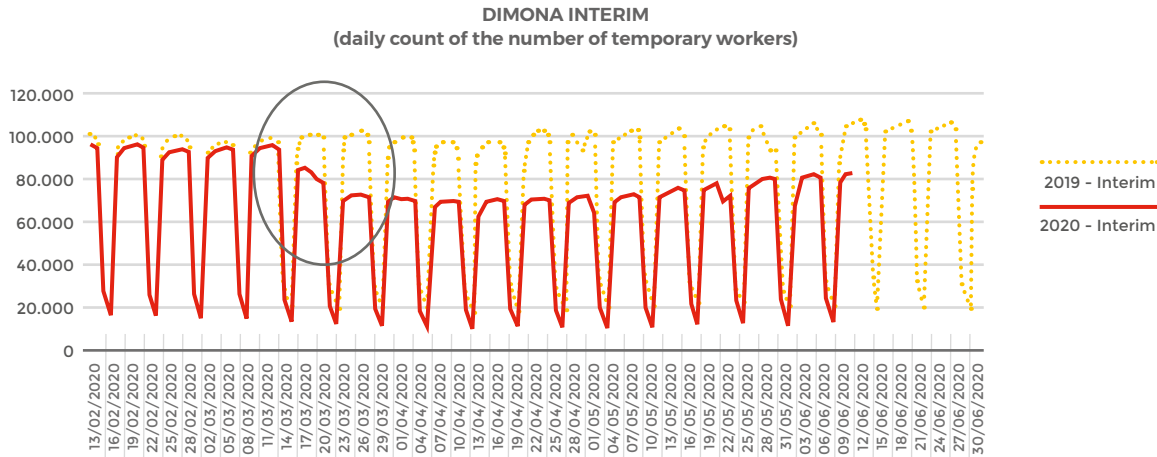


Source : Institute for gender equality, 2020.

Furthermore, given the unequal distribution of household tasks in most households – during lockdown, women had a double or even triple day: first, work, then household tasks and, sometimes, at an end of the day, as their children’s teacher.

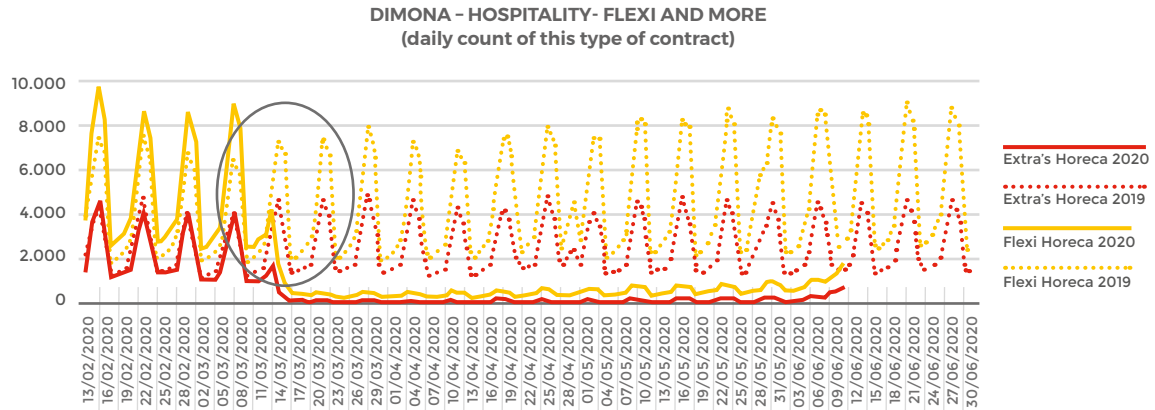
### 4.3 Precarious contracts: the first victims of the coronavirus

Workers who had an interim or temporary contract were the first victims, as would be expected. Their contracts were either not extended or simply terminated on the spot. This can be seen from social security applications. While the number of daily temporary workers is normally around 100,000, almost 30% instantly found themselves jobless.



Source : ONSS, DIMONA statements 2020.

The effect was even more marked for flexi-jobs (whose extreme flexibility is known). While shortly before the outbreak of the coronavirus crisis, there were still 9,000 people in flexi-jobs, their number was reduced to almost zero by the start of the summer holidays. In the majority of essential sectors, pay does not meet the minimum living wage threshold.



Source : ONSS, DIMONA statements, 2020.

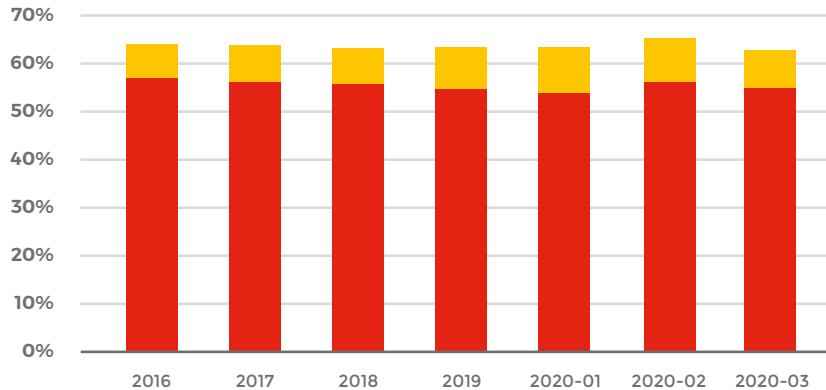
Regarding temporary workers, we must never forget that, according to a report by HIVA (2020):

- 66% of temporary workers would prefer to have a permanent contract.
- only 11% actually choose to be temporary
- 60% say they did not receive any training in the past year.

In 2019, nearly 11.8 million temporary workers were made redundant. This staggering number covers different types of contracts: monthly, weekly and daily. In recent years, the FGTB has attempted to tackle the issue of extremely flexible one-day contracts. An agreement was reached on this subject at the National Labour Council (CNT). However, there has been a significant shift from one-day to two-day contracts... Over 60% of the 11.8 million temporary contracts are one or two day contracts. So we can't really speak of an improvement in terms of the number of short-term contracts.

*“The majority of temporary contracts are very short-term”*

**ONE AND TWO DAY TEMPORARY CONTRACTS**  
(as a percentage of temporary contracts)



- Number of daily contracts compared to the total number of agency contracts (private only, without students)
- Number of two-day contracts compared to the total number of agency contracts (private only, without students)

Source : ONSS, 2020.

## 5. The social security system: our safety net in a time of crisis

For 75 years, our social security system has been the great equaliser. It is our main insurance in uncertain times. During this crisis the system has shown once again that it can deal with the hard blows. Our health service is a bulwark in our fight against the health crisis and is essential to the smooth running of our society. Our unemployment insurance has provided a safety net for workers who have lost their jobs who have had a temporary reduction in their working hours.

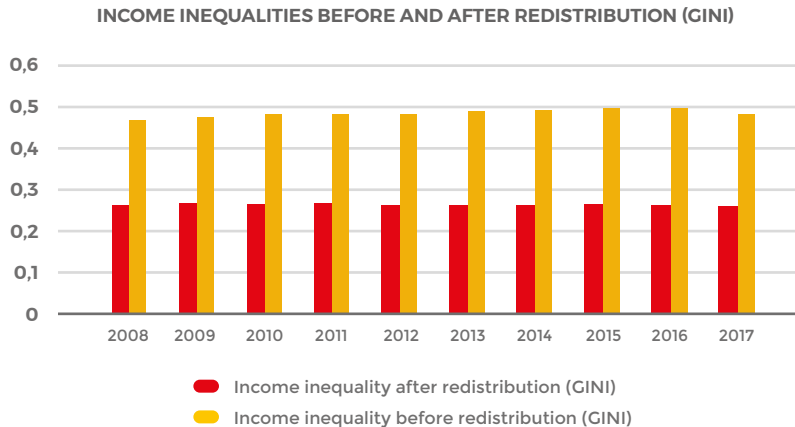
Some people, however, are falling through the cracks and this is happening more and more often. That is why the FGTB demands:

- the raising of all social allowances, at least up to the poverty line;
- more support for the full time unemployed, notably the permanent removal of the regression of unemployment benefits;
- additional resources (human and material) for our health service;
- a clear political commitment to guarantee the future financing of our social security system, including through the necessary extension of the stability allowance and the raising of the wage ceilings for which maximum social allowances are calculated.



## 5.1 The great equaliser

Our social security system is important, but not just for dealing with sudden risks. In the longer term, it also greatly reduces inequalities (the ratio between the highest and lowest incomes). We cannot rest on our laurels. Our social security system is solid as a cathedral, but can still be improved. Indeed, even if social security greatly reduces income inequalities, all too often, vulnerable groups still fall through the cracks.



Source : OECD data base on income inequality

Note that the GINI<sup>2</sup> coefficient is used here to indicate the effect of redistribution on income inequality. In order to know the trends in inequalities, it is advisable to use other indicators.

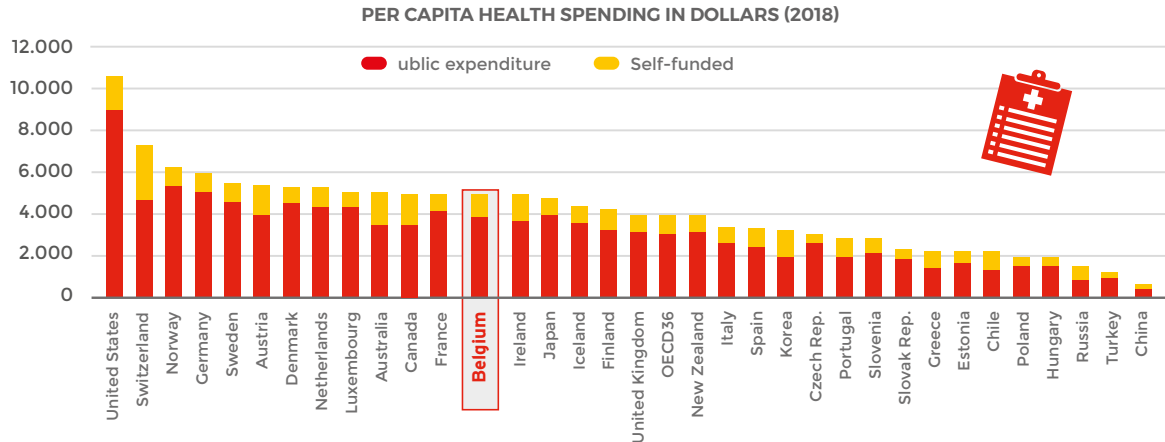
<sup>2</sup> The GINI coefficient also has its limits, because it does not take all income into account (real estate etc.)

## 5.2 Health care: on the frontline

When the coronavirus crisis broke out, our health service came straight to the fore. Health care is a collective good par excellence. Our health service deserves our solidarity in the form of collective financing. Spending on health care is an investment, not a cost.

Healthcare providers are undeniably THE heroes of this crisis. They have been and remain the greatest asset of our health service. And although we often hear the contrary, our country's health care spending is not that high. Per capita, the share of health care spending in Belgium is slightly higher than the OECD average.

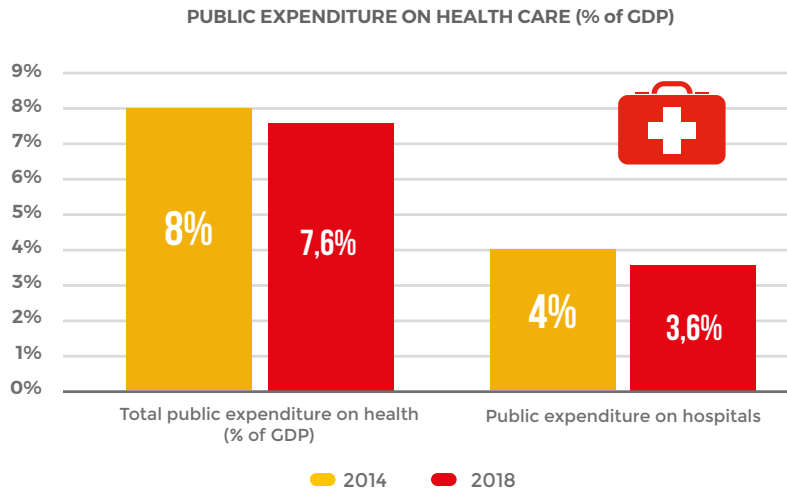
*“The naysayers always claim our health care is extremely expensive.  
The figures prove the contrary.”*



Source : Health at a Glance OECD 2019  
(in dollars, adapted according to purchasing power parity)

We have been calling for better funding for health care for years, but during the last government (since 2014) we have seen savings in health spending. Expressed in terms of GDP (what we together create in terms of prosperity), the amount spent on health care has been dwindling, especially resources for hospitals.

*“We are investing a smaller share of our prosperity in hospitals.”*

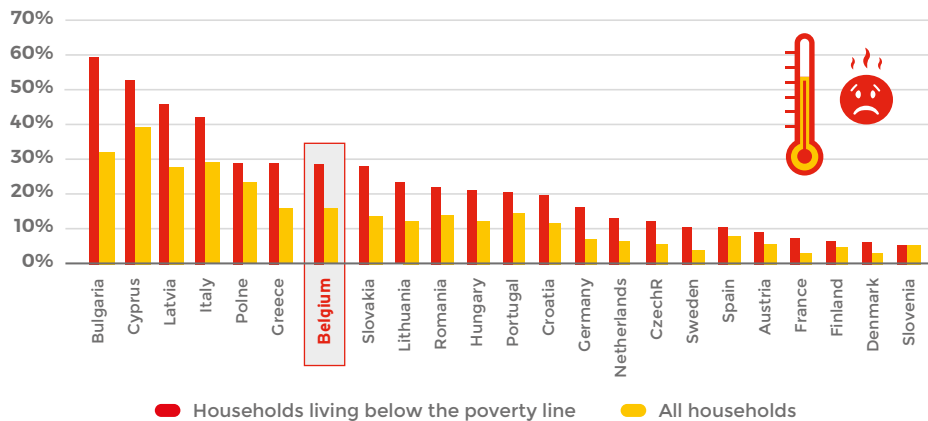


Source: Eurostat, 2020.

In addition, access to our health service is not the same for everyone. For those who live below the poverty line, visiting the doctor is not a simple choice. The risk of poverty arises when a person earns less than 60% of the median income in Belgium (= poverty line).

According to the latest figures available, for three in ten families living below the poverty line, a doctor's visit poses a financial problem. Belgium is among the worst performers in Europe.

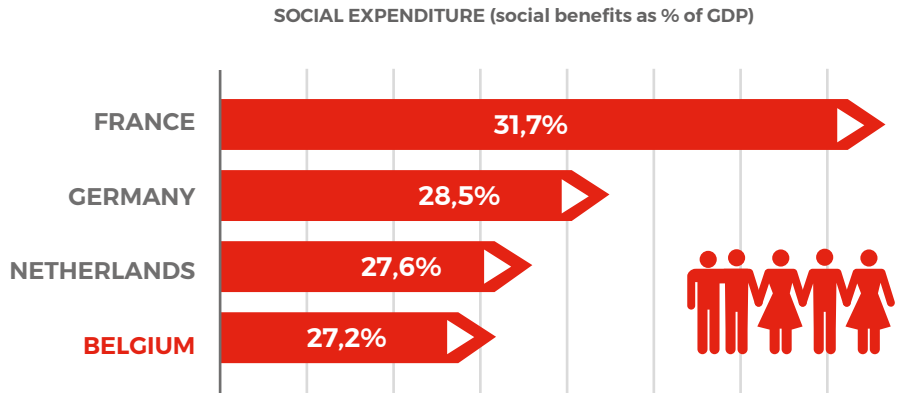
PERCENTAGE OF PEOPLE FOR WHOM MEDICAL CARE IS A HIGH FINANCIAL BURDEN (%)



Source: Eurostat, EU-SILC 2017.

### 5.3 Total expenditure on social security is not excessive

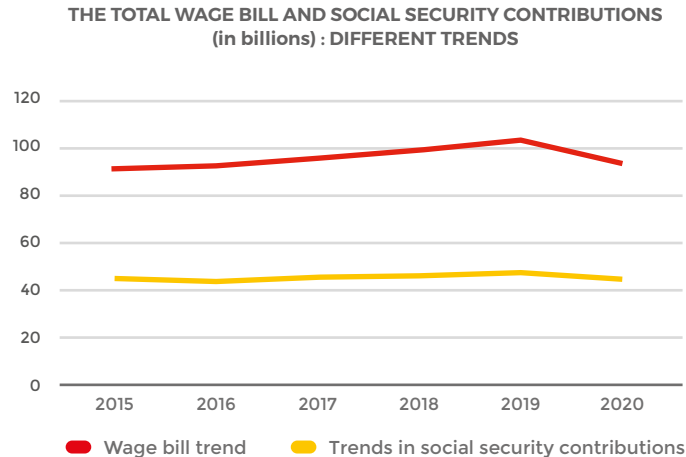
Besides health care, other areas of social security are helping to absorb the shock of this crisis, an obvious example being unemployment. However, our social security system has been weakened by the Michel government. According to Eurostat, Belgium spent just over 27% of its GDP on social protection in 2017. This was spending on social benefits: unemployment, retirement, sickness and disability. It is sometimes said that our spending is excessive. This is far from true, we spend less in this area than our neighbouring countries.



Source : Eurostat, 2020.

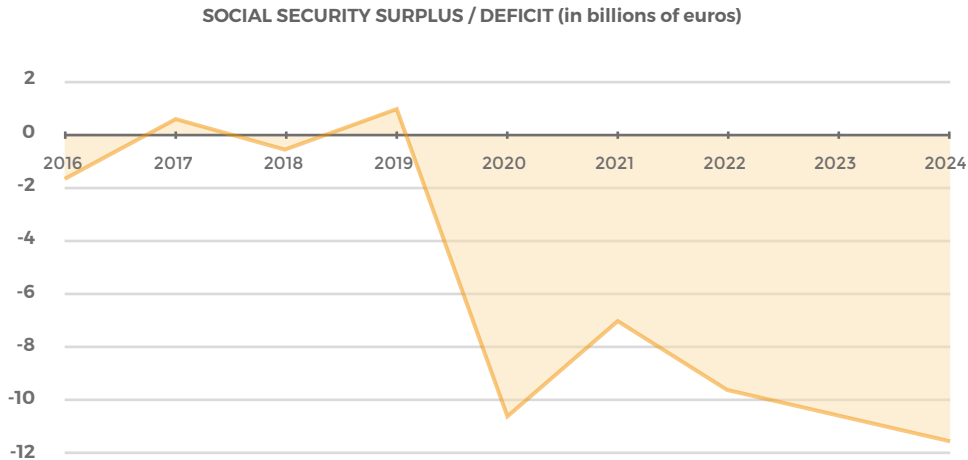
## 5.4 Financing our social security: nothing is certain anymore

Between 2016 and 2018, employers' social contributions fell from 32.4% to 25% following the tax shift measure. According to the Planning Bureau, this measure cost €5.8 billion. Flexible working arrangements (temporary contracts, flexi-jobs...) and alternative remuneration (company cars, lunch checks, copyright, warrants, etc.) have been encouraged in terms of taxation and in terms of social contributions. This deliberate policy of cutting social security revenues becomes clear when comparing the wage bill and social contributions. Between 2015 and 2019, the payroll increased by 13%, against an increase of only 6% for contributions. And then there was the coronavirus crisis.



Source : Social security management committee.

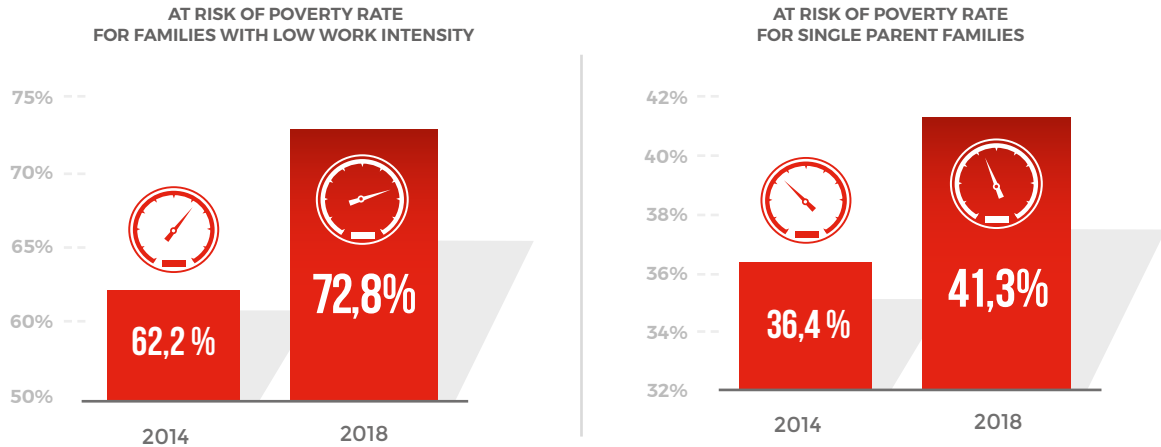
The coronavirus crisis has led to an increase in spending (temporary unemployment, disability, parental leave, etc.) and a decrease in income (due to there being fewer jobs and fewer working hours). In total, it is estimated that social security will have lost €8.5 billion in 2020. For 2021, there is a risk of a deficit of more than €7 billion. In the following years, this deficit will increase further, reaching nearly €12 billion in 2024. Our financing is in urgent need of structural adjustment, in particular the guarantee of the top-up payment to make up the shortfall. The top-up payment amounted to around €3 billion euros in 2019.



Source : ONSS Overall Management, 2020.

## 5.5 The gaps in our social security

The need for social protection is great and keeps increasing over time. And yet our social security system leaves some people behind. Owing to a lack of political will in the past, our social security funding is at risk of running into difficulties, with more people falling through the cracks of social protection. In the last four years alone, in the most vulnerable groups the risk of poverty has increased significantly.

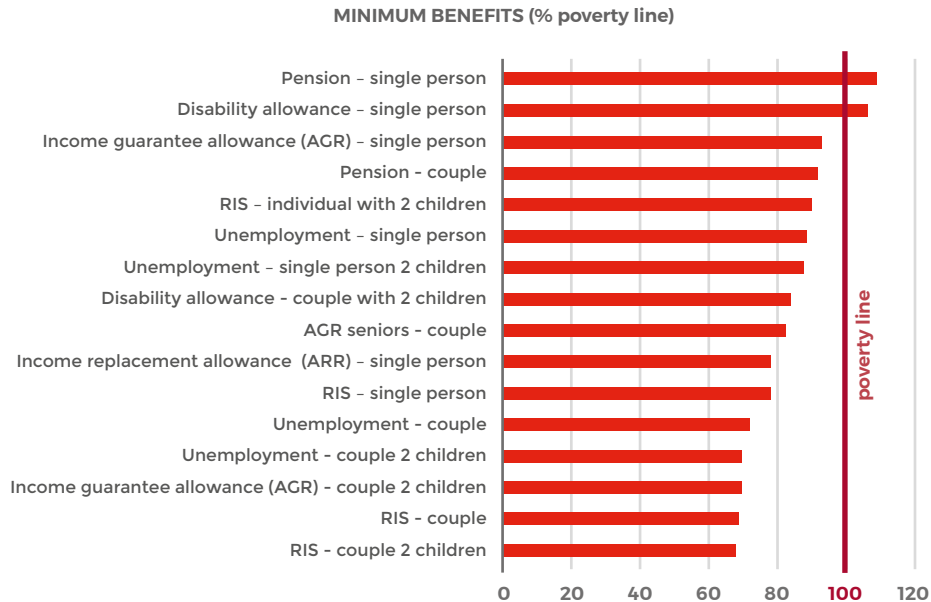


Source : Statbel, 2020.

Note: A low work intensity family is a family whose adult members fulfil less than 20% of their work potential (in hours).

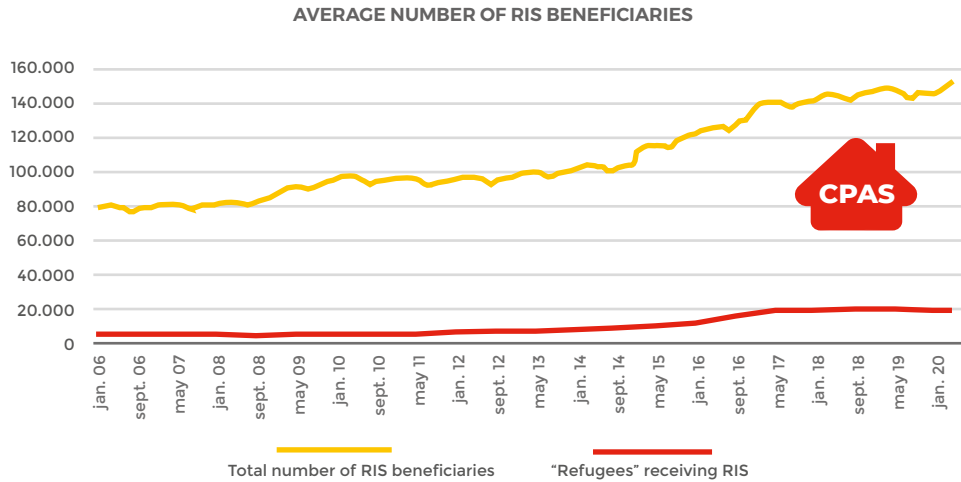


The main cause is the conjunction of two factors: low benefits and a lack of properly paid jobs in certain professional categories. Social benefits in our country are too low. Social benefits should provide protection against poverty, but this is not the case for the lowest allowances (the social minima). Only part of these social minima (and the minimum wage) are above the poverty line. Our social security benefits are therefore not meeting their goal of preventing poverty.



Source : SPF Social security, 2020.

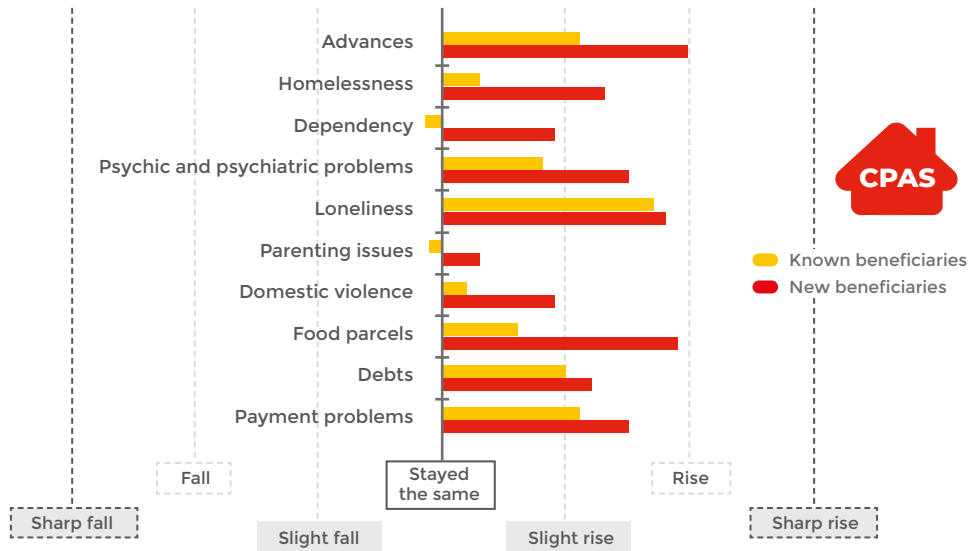
In addition, more and more people find themselves excluded from the social security system. Their last lifeline is the Centre publique d'action sociale (Public centre for social action - CPAS) and the social integration living allowance. The number of people who have to get by on this integration allowance has risen dramatically in recent years. Increasingly strict conditions for accessing unemployment benefits mean that more people find themselves in a deadlock. It should also be noted that the far-right thesis that "most of the increase in the number of beneficiaries of the social integration income (RIS) is due to migration" is a lie.



Source : SPP social integration, 2020.

Apart from the increase in the number of people who had to fall back on the integration income, the CPAS (local Public Social Services Centres) faces many other issues which clearly illustrate how heavy the family and social impact of the coronavirus crisis is. Requests for food packages and financial advances have risen exponentially, and there has also been a significant rise in reported cases of domestic violence.

### TRENDS IN REQUESTS FOR INTERVENTION ON SPECIFIC ISSUES



Source : Covavit consortium, may 2020.



More informations :

**FGTB**

Rue Haute 42 | 1000 Brussels | Belgium  
Tel. +32 2 506 82 11 | Fax +32 2 506 82 29  
infos@fgtb.be | www.fgtb.be



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