**Are more jobs forthcoming? Ask the employers.**

*Frank Roels*

By reducing the labour costs, we will increase the number of jobs. This prophesy is repeated since the crises, not only by journalists and politicians, but also by at least one economist in each university department, the latter by consulting mathematic models. The new Belgian government is now putting this theory into practice.

The plans are to reduce labour costs by more than 3%. Social security contributions paid by the employers will be lowered from 33% tot 25%; an automatic adjustment of wages to the cost of living (as measured by prizes in retail, the so-called index) will be skipped; the age of early pension in case of lay-off (paid in part by the employer) will be raised; the definition of overtime is narrowed, a.o.

The new minister of Work is Kris Peeters, from the Catholic Democratic party, previously president of the Flemish Government, and in a earlier life chairman of UNIZO, the federation of SME. After the government program was released, he said: “*I expect that the employers will be clever enough to take care that the effort that we make and that the people make in skipping the index, to say: “Yes, now we have a stronger competitive position, we are going to transform this into employment”. That is not mandatory, but it is my opinion that employers should positively tranform this offer, this decision, into employment and stages, etcaetera*"[[1]](#footnote-1).

De new finance minister, Johan Van Overtveldt, from the nationalist party N-VA, expects that 80.000 jobs can be created, on the basis of calculations by prof. Joep Konings of the Catholic University Leuven[[2]](#footnote-2). The minister of Pensions, Daniel Bacquelaine (Mouvement Reformateur), also predicts the creation of novel jobs.

The realistic answer to these wishes comes from the CEO of the Federation of Belgian businesses, Pieter Timmermans. When asked by the TV journalist whether there is now a guarantee for extra jobs, he answers: “*Nobody never has a guarantee*”. On the VBO website he writes: “*Neither the government nor laws can create jobs (…). How many extra jobs? No one can predict the future with certainty”[[3]](#footnote-3).*

It should be pointed out, that the plans of the new government come on top of existing support for the companies: wage subsidies and lower social security contribution for specified workers.

The clear contradiction between de outspoken standpoint of the employers federation, versus the prophesy proclaimed by the government and many economists, sounds like a joke, but it is not. We must learn that in order to evaluate employment, we should question the employers, and study their decisions. Running algorithms based on ancient data, or taking wishes for facts, amounts to lying to people. In the end, the decrease in labour costs will be added to net profit of businesses.

**The public sector**

These considerations all relate to the private, corporate sector. But the new government also decided to reduce public funding in all areas: education and culture, scientific institutions, public broadcasting systems, social security and health, the public railway and bus & tramway company. Servants in the public administration who retire will not be replaced for 4/5 (2/3 in the Flemish administration), while already at present internal revenue services, police, and justice department are underperforming due to personnel constraints. Public and private sectors taken together, government measures will reduce total employment considerably. Family budgets will shrink, and so will demand and business earnings. Nevertheless, corporations will benefit, because of the large cut in labour costs, and the constant rise in productivity that permits to reduce further the number of personnel.

The alternative policy, adding jobs in the non profit and social profit sectors where stringent needs are obvious and rising[[4]](#footnote-4), is not even mentioned by planners. Actually in Belgium, government funded employment and income were double of that in the private sector[[5]](#footnote-5). It includes 130.000 part-time (70.000 full-time equivalents) lowly qualified workers, mostly women, through the system of “service cheques” heavily subsidized by the government.

1. <http://www.hln.be/hln/nl/922/Nieuws/article/detail/2085866/2014/10/12/Peeters-wil-sociale-partners-rond-de-tafel-voor-plan-rond-werkgelegenheid.dhtml> [↑](#footnote-ref-1)
2. according to the financial newspaper De Tijd 25/10/2014. The study by Konings and Abraham (2010) makes a simulation based on data 1998-2008. By reducing labourcosts by 3,5%, total employment in Belgium is predicted to rise with 60.000-73.000 (this figure should be compared to roughly half a million actual jobless FR) This link should work: <http://vbo-feb.4your.net/media/uploads/public/_custom/Studie_Konings_Abraham_KUL.pdf> [↑](#footnote-ref-2)
3. VBO-website: <http://vbo-feb.be/nl-BE/Actiedomeinen/Overheid-en-beleid/Regeringsakkoorden-en-beleidsverklaringen/Tevreden-maar-een-valse-noot/> [↑](#footnote-ref-3)
4. see for ex. <http://www.progressiveeconomy.eu/content/employment-focused-recovery-europe-alternative> ; and Roels: <http://www.progressiveeconomy.eu/content/resolving-unemployment-0> <http://www.social-europe.eu/2014/04/unemployment-in-europe/> [↑](#footnote-ref-4)
5. Jan Hertogen <http://www.npdata.be/BuG/210-Inkomen-in-Belgie/>

   <http://www.npdata.be/BuG/244-Inkomen/> [↑](#footnote-ref-5)