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BELGIUM

Belgium: Political truce

The caretaker government is expected to gain parliamentary confidence today to manage the coronavirus crisis. This will speed up measures to help the economy but does not mean that the political crisis is over



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Lockdown

Following the measures taken in Italy, Spain and France, the Belgian authorities have decided to reinforce containment measures in Belgium. In concrete terms, since yesterday, all non-essential shops will have to close (they could still open during the week until now) and population movement will have to be reduced to a strict minimum. A similar economic impact could therefore be expected in countries that have already taken this measure.

A real government...

At the same time, in order to manage the crisis in the best possible way, nine political parties (socialists, liberals, greens and parties of the centre) have agreed to give their support to the current government. As a reminder, it is composed of the Flemish and French speaking liberals and the Flemish Christian Democrats. Effectively this government, which is largely in a minority in parliament, will not change, but legally, it becomes a full government (and no longer a caretaker government), thanks to a vote of confidence in parliament. This should take place today. A fully-fledged government, supported by a majority in parliament, will be

better able to spend money to tackle the current crisis.

...with special powers

But the decision of the nine parties goes further. In order to face the crisis, a law will be passed this Thursday to give special powers to the government. These powers give the executive a much greater margin of manoeuvre because it can amend, supplement, repeal and replace laws in matters on which the signatory parties have agreed. The government will thus be able to take decisions without going through the classic legislative procedure.

So far, the federal government has made €1 billion available for business support. The regional governments are adding aid of a similar amount. But the special powers should enable the federal government to do much more.

It should also be noted that the country's major banks have agreed to grant credit facilities to businesses on a case-by-case basis. However, this will be dependent on government guarantees, which are still to be specified. This is an essential part of the strategy to prevent more bankruptcies.

Political crisis temporarily muted

Despite this, we must not believe that the political crisis is over in Belgium. The special powers are being given to the government for six months and Prime Minister Sophie Wilmès (liberal) will have to ask for the confidence of parliament again in six months' time. It is hoped that by then, the peak of the epidemic will be over. The political crisis should then begin again, but with one important difference: the nine parties that are part of the current agreement will have learned to work together and may have the will to continue. However, with the long-term challenges that the country is facing, internal divisions could easily flare up again.

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