

Luxembourg

PATRICK DUMONT, RAPHAËL KIES & PHILIPPE POIRIER

Université du Luxembourg

Table 1. Elections to the Chambre des députés

Date of election:	7 June 2009			
Total number of seats:	60			
Electorate:	223,842			
Total votes cast:	203,535 (90.9%)			
Total valid votes:	190,213 (93.5%)			
Party	Number and percentage of votes*	Change since 2004	Number and percentage of seats	Change since 2004
<i>Chrështlech-Sozial Vollekspartei</i> – Christian Social People's Party (CSV)	72,293 (38.04)	+1.91	26 (43.3)	+2
<i>Lëtzebuerger Sozialistesch Arbechterpartei</i> – Luxembourg's Socialist Workers' Party (LSAP)	40,987 (21.56)	-1.81	13 (21.7)	-1
<i>Demokratesch Partei</i> – Democratic Party (DP)	28,480 (14.99)	-1.07	9 (15.0)	-1
<i>Déi Gréng</i> – The Greens	22,262 (11.72)	+0.14	7 (11.7)	0
<i>Alternativ Demokratesch Reformpartei</i> – Democrat Reform Party (ADR)	15,458 (8.14)	-1.81	4 (6.7)	-1
<i>Déi Lénk</i> – The Left	6,250 (3.28)	+1.41	1 (1.7)	+1
<i>Kommunistesch Partei Lëtzebuerg</i> – Luxembourg Communist Party (KPL)	2,798 (1.47)	+0.56	0 (0.0)	0
<i>BiergerLëscht</i> – Party of the Citizens	1,536 (0.81)	+0.81	0 (0.0)	–

Note: * These are 'adjusted fictitious voters' figures, see Dumont and Poirier (2006: 1103) for the details of the method of computation of this measure allowing us to give a distribution of votes totaling the number of valid votes. The total number of non-adjusted fictitious voters was 172,683, indicating that at least 17,381 voters (190,213 minus 172,683) did not use all their votes.

Table 2. Elections to the European Parliament

Party	Number and percentage of votes	Change since 2004	Number and percentage of seats	Change since 2004
<i>Chrëschtlech-Sozial Vollekspartei – Christian Social People's Party (CSV)</i>	62,207 (31.36)	-5.77	3 (49.9)	0
<i>Lëtzebuerger Sozialistesch Arbechterpartei – Luxembourg's Socialist Workers' Party (LSAP)</i>	38,641 (19.48)	-2.61	1 (16.7)	0
<i>Demokratesch Partei – Democratic Party (DP)</i>	37,015 (18.66)	+3.79	1 (16.7)	0
<i>Déi Gréng – The Greens</i>	33,385 (16.83)	+1.81	1 (16.7)	0
<i>Alternativ Demokratesch Reformpartei – Democrat Reform Party (ADR)</i>	14,659 (7.39)	-0.64	0 (0.0)	0
<i>Déi Lénk – The Left</i>	6,685 (3.37)	+1.68	0 (0.0)	0
<i>Kommunistesch Partei Lëtzebuerg – Luxembourg Communist Party (KPL)</i>	3,055 (1.54)	+0.37	0 (0.0)	0
<i>BiergerLëscht – Party of the Citizens</i>	2,737 (1.38)	+1.38	0 (0.0)	–

Table 3. The cabinet composition of Juncker-Asselborn I (or Juncker III)

For the composition of Juncker-Asselborn I (or Juncker III) on 1 January 2009, see Dumont and Poirier (2005: 1106–1107); Dumont et al. (2008: 1060).

Table 4. Cabinet composition of Juncker-Asselborn II (or Juncker IV)

A. *The party composition of Juncker-Asselborn II (or Juncker IV):*
 Date of investiture: 23 July 2009

Party	Number and percentage of parliamentary seats	Number and percentage of cabinet posts
<i>Chrëschtlech-Sozial Vollekspartei – Christian Social People's Party (CSV)</i>	26 (43.3)	9 (60.0)
<i>Lëtzebuerger Sozialistesch Arbechterpartei – Luxembourg's Socialist Workers' Party (LSAP)</i>	13 (21.7)	6 (40.0)

B. *Cabinet composition of Juncker-Asselborn II (or Juncker IV):*

Prime Minister, Minister of State, Minister for the Treasury/*Premier ministre, Ministre d'État; Ministre du Trésor*: Jean-Claude Juncker (1954 male, CSV)

Deputy Prime Minister, Minister of Foreign Affairs/*Vice-Premier ministre, Ministre des Affaires étrangères*: Jean Asselborn (1949 male, LSAP)

Minister for Family Affairs and Integration, Minister for Development Cooperation and Humanitarian Affairs/*Ministre de la Famille et de l'Intégration, Ministre de la Coopération et de l'Action humanitaire*: Marie-Josée Jacobs (1950 female, CSV)

Minister of National Education and Vocational Training/*Ministre de l'Éducation nationale et de la Formation Professionnelle*: Mady Delvaux-Stehres (1950 female, LSAP)

Minister of Finance/*Ministre des Finances*: Luc Frieden (1963 male, CSV)

Minister of Justice, Minister for the Civil Service and Administrative Reform, Minister for Higher Education and Research, Minister for Communications and Media, Minister for Religious Affairs/*Ministre de la Justice, Ministre de la Fonction publique et de la Réforme administrative, Ministre de l'Enseignement supérieur et de la Recherche, Ministre des Communications et des Médias, Ministre des Cultes*: François Biltgen (1958 male, CSV)

Minister of the Economy and Foreign Trade/*Ministre de l'Économie et du Commerce extérieur*: Jeannot Krecké (1950 male, LSAP)

Minister of Health, Minister of Social Security/*Ministre de la Santé, Ministre de la Sécurité sociale*: Mars Di Bartolomeo (1952 male, LSAP)

Minister for Home Affairs and the Greater Region, Minister of Defence/*Ministre de l'Intérieur et à la Grande Région, Ministre de la Défense*: Jean-Marie Halsdorf (1957 male, CSV)

Minister for Sustainable Development and Infrastructure/*Ministre du Développement durable et des Infrastructures*: Claude Wiseler (1960 male, CSV)

Minister of Labour, Employment and Immigration/*Ministre du Travail, de l'Emploi et de l'Immigration*: Nicolas Schmit (1953 male, LSAP)

Table 4. Continued.

Minister for Culture, Minister for Relations with Parliament, Minister for Administrative Simplification attached to the Prime Minister, Minister Delegate for the Civil Service and Administrative Reform/ <i>Ministre de la Culture, Ministre aux Relations avec le Parlement, Ministre à la Simplification administrative auprès du Premier Ministre, Ministre délégué à la Fonction publique et à la Réforme administrative</i> : Octavie Modert (1966 female, CSV)
Minister for Housing, Minister Delegate for Sustainable Development and Infrastructure/ <i>Ministre du Logement, Ministre délégué au Développement durable et aux Infrastructures</i> : Marco Schank (1954 male, CSV)
Minister of Small and Medium-sized Businesses and Tourism, Minister for Equal Opportunities/ <i>Ministre des Classes moyennes et du Tourisme, Ministre de l'Égalité des Chances</i> : Françoise Hetto-Gaasch (1960 female, CSV)
Minister of Agriculture, Viticulture and Rural Development, Minister of Sport, Minister Delegate of the Solidarity Economy/ <i>Ministre de l'Agriculture, de la Viticulture et du Développement rural, Ministre des Sports, Ministre délégué à l'Économie solidaire</i> : Romain Schneider (1962 male, LSAP)

Institutional changes

The year 2008 came to an end with the possibility of a referendum on a constitutional amendment curtailing the prerogatives of the Grand Duke (see Dumont et al. 2009: 1040). In the New Year, the government published in the press the contact details of the initiative committee and the period (from 19 January to 11 February) during which the required signatures (25,000 registered voters) could be collected through municipalities' offices. In the end, only 796 signatures were collected, thereby meaning the end of the referendum process. Article 34 of the Constitution removing the Grand Duke's right to approve ('sanction') all laws (the Grand Duke keeps his prerogative as head of the executive to promulgate all laws) was therefore adopted in March by a unanimous vote in the second reading in the Chamber.¹

The year was characterised by the coming into force or the adoption of measures aiming at promoting the integration of foreigners. In January 2009, the extensively discussed law on Luxembourgish nationality (Dumont et al. 2008: 1066; 2009: 1049) allowing for dual nationality came into force. Eleven months later, 4,299 applications were submitted and 3,152 people acquired Luxembourgish nationality. Some 32 per cent of applicants came from Portugal, 21 per cent from the three countries bordering the Grand Duchy, 20 per cent from nationals of former Yugoslavia and 10 per cent from Italy. Over 60 per cent of the 'new Luxembourgers' are aged 18 to 37. An increase of over

3,000 new nationals meant five times the 2008 total – and twenty times that for 1950. In February 2009, the law on linguistic leave was voted upon. It aims to give employees and independent workers of any nationality time and opportunity to learn the Luxembourgish language, and the longer-term goal is to make Luxembourgish become the *lingua franca* of the Grand-Duchy through its labour market.

In mid-December, the law determining the general status of civil servants was modified (with the only opposition coming from the MPs of the sovereignist ADR). Civil service jobs were opened up to EU citizens, with the only restriction being that these positions do not involve, directly or indirectly, participation in the exercise of public power and are not intended to safeguard the general interests of the state or other legal persons of public law. These exceptions will be defined through Grand-Ducal regulation. This was a long-awaited major reform given the highly restrictive access to public sector jobs for foreigners and the warnings issued by the European institutions regarding this violating EU law, from a ruling of the Court of Justice in 1996 to a reasoned opinion of the Commission in 2007.

Finally, as regards political integration, some progress could be observed through the increasing registration of residing foreigners for the European Parliament (EP) election (see the electoral law reform, Dumont et al. 2009: 1038). Overall, 17,579 citizens of other EU countries registered as voters for the EP elections – a number that represented 7.3 per cent of the whole electorate entitled to vote. This meant that the number of registrants has increased by 80 per cent in ten years, with most of this increase being recorded between 2004 and 2009. However, despite this clear positive evolution, EU residents who registered to vote for EP elections still remain an exception since they represent only about 11.5 per cent of those who could have potentially voted.

At the local level, three new municipalities merged to form just one municipality.² The fusion of municipalities with fewer than 3,000 inhabitants is part of a territorial reform followed since the 1990s by the government in cooperation with the Union of Cities and Municipalities of Luxembourg (Sylvicol) and the special parliamentary committee on the 'Territorial reorganization of Luxembourg' to modify drastically the governance of the local municipalities that are judged as too numerous and inefficient. The first results seem rather encouraging as seven municipalities have already merged to form three municipalities and, so far, local politicians and their population largely favoured these fusions (referendums have generally been adopted with more than 75 per cent majorities) – an enthusiasm probably due in large part to the strong financial and material incentives proposed by the state (see Dumont et al. 2010).

At the end of the year and after repeated and controversial discussions, Laurent Mosar, the new chairman of the Chamber of Deputies, formally asked the Green parliamentary party group to submit their proposals to reform the Council of State. To ensure transparency and to strengthen its democratic character, the Greens proposed to reserve the right to appoint and dismiss its members to the Chamber of Deputies (the appointment right of the Chamber is currently shared with the Grand Duke – that is, the government – and the Council of State itself, each new member being appointed alternatively by one of these bodies, while the revocation right is formally reserved to the Grand Duke after the Council of State has exposed the motives for revoking the member). So far membership of the Council of State expires after a continuous or discontinuous period of 15 years or when the person has attained the age of 62 years: the Greens proposed to limit the term to a single period of 12 years and to guarantee an equal representation of women and men by first appointing only women to catch up with the current imbalance (there are four women among the 21 members of the Council of State). They also proposed that the functions of adviser to the government, member of the board of mayor and aldermen should be incompatible with the office of Councilor of State and aim to introduce a maximum period of six months at the end of which the Council of State should have delivered its opinion on the legislation submitted to it.

Election report

As in 2008, the economic and financial crisis was high on the agenda throughout the year and clearly during the electoral campaign. The unemployment rate rose from 5 per cent in December 2008 to 6.3 per cent in December 2009 – a level unprecedented in the last few decades. The massive increase of the unemployment of the young, the decline of the hiring in the financial sectors, the strong decrease of the agricultural economy (minus 25 per cent of its income for 2009 according to Eurostat) as well as the decline of temporary work on offer are all elements that confirm the severe character of the crisis.

In March 2009, the report of the ‘special committee on the economic and financial crisis’ was adopted by the sole parliamentary majority (CSV-LSAP). Among other things, the report called for an optimisation of the management of public finances by introducing a fiscal policy focused on outcomes and taking the French organic law on finances as a model. It also underlined that environmental concerns should not hinder economic development, including the logistic activities of Luxembourg’s airport. All political parties campaigning for the elections were able to position themselves on these crisis issues, from the need to diversify Luxembourg’s economy rather than concentrating

on the financial sector (CSV), a greater role of the state in the economy (LSAP and radical left parties), a criticism of the international financial system in a global economy (DP), the need for cuts in areas of the public sector that are perceived not to perform well (ADR) and so on.

Also in March, the Minister of Family launched a childcare-service voucher – a complex funding system in favour of families that requires close cooperation, especially between the state and municipalities. This decision was perceived by several observers as an electoral present from the outgoing government. In April, Luxembourg was placed by the OECD in the 'grey list' of countries that did not respect international standards on fiscal evasion and money laundering. This has led to an important debate in the country pitting those in favour of strong protection of the national economic interest and the privacy of such data against those who propose a more moral financial system.

As usual, the campaign for the European elections was much less visible than for national elections, which took place on the same day – this in spite of changes in the electoral law and the composition of the lists (see Dumont et al. 2009: 1038), which made the four largest parties present distinct candidates for the national and European elections. A first analysis of media reporting (Huberty 2009) shows that the four main national newspapers devoted about 73 per cent of their election campaign reports to the national elections only. Reports covering the European elections amounted to less than 19 per cent, and the rest mixed the two. RTL, the Luxembourgish radio and television company, revealed that Europe was not one of the main concerns for Luxembourgish citizens (the economy was the most salient),³ while one of the main newspapers, *Tageblatt*, showed in its 'Politbarometer' that whereas 82 per cent would continue to vote at national elections if compulsory voting was abolished, only 73 per cent would do so for the European contest. Each party organised only a couple of meetings exclusively on European issues (but candidates for the EP elections often appeared in more general meetings) and there were no signs that the parties spent more than the 10–15 per cent of the general campaign budget that they claimed to have devoted to the EP election in 2004 (Dumont et al. 2006).

One of the reasons for the lack of visibility of European issues is that this dimension is far from a political cleavage opposing two camps balanced in weight in Luxembourg. In effect, all EP election programmes – except for that of the Communists (who called for the dissolution of the EU because its institutions have always served the powers of the free market) – described Luxembourg's EU membership as a necessity and a benefit to the country. The other parties least enthusiastic about Europe, but willing to reform EU institutions, are the ADR, DÉI LéNK and the newly created BiergerLëscht. The former were the only group in the Chamber to oppose the European

Constitutional Treaty (after having supported it) in the last weeks before the 2005 referendum on that matter, and continued to oppose the devolution of sovereign rights to the EU and to campaign against further enlargement, especially to Turkey, for the sake of the defence of national identity. The radical left DÉI LÉNK supported the granting of more powers to the EP and the intervention of the EU in the economy, while the BIERGER LÉSCHT, which was formed by Aly Jaerling, former MP of the ADR who finished the term as an independent MP and aimed at representing the 44 per cent of the Luxembourg population who had voted against the European Constitutional Treaty at the 2005 referendum, partially adopted views similar to the ADR by insisting on the role of the national language and the advent of a Europe of independent nations, where small countries would keep their veto rights. Critics of the German and French governments characterising Luxembourg as a 'tax haven' to be eliminated in the fight against the global crisis were, however, badly felt by both the political elite and the population.⁴ As a result, whether they were 'federalists' or more Eurosceptic, Luxembourg's candidates for the EP elections campaigned together against the growing threat of a 'directorate of the big Member States' in the EU.

Finally, the declarations of Prime Minister Juncker during the campaign also fuelled some discussions within and outside Luxembourg. First, in January, he was the main guest of the 29th Conference of *Bündnis 90/Die Grünen* in Dortmund. In his introduction, the co-chairman of the German green party, Cem Özdemir, declared that the invitation of a Christian Democrat statesman (for the first time) to speak at their convention was due to the fact that they shared with him a vision that all political parties were invited to work together to make the European project more attractive for all citizens. The acceptance of such an invitation was controversial within the European People's Party and especially the German Christian Democratic ranks (in the Grand Duchy, several parties invited popular figures from neighbouring countries but belonging to their European party, such as Daniel Cohn-Bendit for DÉI GRÉNG or Martin Schulz for the LSAP). Second, at the end of the electoral campaign Juncker declared that he would no longer be the Minister of Finance in the next government, leaving it to Luc Frieden, at that time Minister of Justice and Budget. This brought into question his chairmanship of the Eurogroup, which he had chaired since 2005 and was expected to chair until December 2010.

The party of Prime Minister Juncker scored its best result at legislative elections since the late 1950s and gained about 2 per cent of the national vote in comparison with 2004.⁵ The gap in terms of votes and seats with the second largest party, the socialist party (LSAP), which was the incumbent junior party of the coalition, has further deepened to a level never before attained in the postwar era. In terms of seats, the LSAP delegation in Parliament now only

represents half the number of MPs of the CSV. The loss of support and of one seat of the socialists did not benefit the three main opposition parties, however: the Liberals (DP) and the sovereignist ADR both lost votes and one seat each, while the Greens remained stable. One has to go back to 1964 to record a lower score for the DP, which is now just below the 15 per cent bar, whilst the ADR is now well below 10 per cent of the votes after having surpassed this level at the general elections of 1999. After having failed to have its MP re-elected in 2004, the radical left Déi Lénk managed to re-enter the national parliament, thereby increasing the number of political parties represented in the Chamber back to six. Altogether, the level of support for small parties (the two radical left ones and the newcomer BiergerLëscht) almost doubled to reach 5.5 per cent.

Because of the simultaneity of the European and national elections, the results usually do not differ much at the aggregate level. This was clearly not the case for the CSV in 2009, since this party reached one of its top historic records at the national elections but its worst result in EP elections since 1979. Its nearly 6 per cent loss was mainly due to the absence of Prime Minister Juncker and other heavyweights on the European list. However, the party managed to keep its three MEPs. Three other parties gained one seat, as in 2004. The LSAP did so despite a loss of support and, like its coalition government partner, had its worst result since 1979 (being for the first time below the 20 per cent level), while both the DP gained votes (contrary to its result in the national elections) thanks to its popular frontrunner Goerens,⁶ and the Greens were also on the rise. The DP returned to the third position in the hierarchy of parties in European elections, which it had lost to the Greens in 2004.

Cabinet formation

On 9 June, the Grand Duke appointed Jean-Claude Juncker as formateur, who declared on the same day that he would start negotiating with his partner in the previous coalition in order to form a government of 'continuity and responsibility'. These negotiations with the socialists only started on 16 June with an assessment of the economic, financial and social situation of the country by high civil servants of the Central Bank of Luxembourg and several ministries, and by the setting up of working groups around the following themes: public finances, economy, territorial policy, social policy, education and vocational training, and state modernisation. On 20 July, a coalition agreement was signed by François Biltgen on behalf of the CSV and Jean Asselborn for the LSAP and ratified later in the day by these parties' bodies. The new governmental team was formally appointed by the Grand Duke on 23 July,⁴⁶

days after the elections, and on 29 July Prime Minister Jean-Claude Juncker presented the government programme to the Chamber of Deputies.

Continuity was indeed present in this programme, with the government pleading for more control of the financial sector at the international level, and for reaching a balance for public finances instead of letting the debt burden increase. It proposed to do so without renegeing on the package of measures decided for the years 2009 and 2010 by the previous government. Sustainable development was hammered as a goal through a number of measures regarding land use, agriculture, education and pensions. A commitment to the introduction of gay rights to marry and a greater say for residing foreigners in local politics was also specified. During the debate over the declaration of the prime minister, the leader of the Greens, François Bausch, introduced a motion urging the government to position itself against the continuation of José Manuel Barroso at the head of the European Commission (despite the agreement already made in June and July among heads of governments of the Member States). This motion was voted down by the parliamentary majority. The Greens, the ADR and the radical left MP voted in favour and the Liberals abstained.

The consequences of the crisis and the prospect of major social restriction by the next government were widely debated in the media and led to some protests. The most important was the one organised by the main trade unions on 16 May (less than one month before the national elections) that gathered 30,000 people in the centre of Luxembourg city. This was a major success that established the trade unions as a strong, united and well organised actor to protect the interests of employees against the social cuts envisaged by the employers and which the future cabinet would have to consider.

The overall balance between the two partners did not change. All members of government now have full cabinet rank (from 2004 to 2009 there was one minister-delegate and one Secretary of State). Only three ministers were removed from the preceding team: for the CSV, the most remarkable change came with regard to Fernand Boden who had been minister for thirty years (Agriculture and Middle Classes for the most recent governments) and who decided to step down as member of the executive. The other two former ministers became heads of their respective parliamentary groups. The chairman of the Chamber was also changed on the occasion of the start of this new legislative term: Lucien Weiler from the CSV left in favour of Laurent Mosar, who failed to become mayor of Luxembourg city at the 2005 local elections.

Notice that despite handing over Finances to Luc Frieden as announced during the campaign, Prime Minister Juncker took over the Ministry of Treasury, allowing himself to be in charge of monetary policy and relations with the European Central Bank and therefore remain chairman of the Eurogroup. Later in the year, at the end of October, Juncker was the first candidate among

the favourites to publicly express his interest in the new position of presidency of the European Union created by the Lisbon Treaty. The European Council, however, chose the Belgian prime minister, Herman van Rompuy, on 19 November. Several European observers suggested that Juncker's candidature was rejected by the major countries (France, Germany, United Kingdom) because of the question of the OECD's 'grey list', which strongly tarnished the European image of the Grand Duchy and because they feared that his strong personality could affect their international visibility and influence.

Political parties

The results of the elections led to several changes in the heads of the national parties. In June, Anne Brasseur, former Minister of Education (between 1999 and 2004) for the DP, was elected at the head of Alliance of Liberals and Democrats for Europe, which, with its 101 members from 38 different countries, is the third largest group in the Council of Europe's Assembly. At the national convention of the Democratic Party, Xavier Bettel, an MP since 1999, was chosen as new president of the parliamentary group and Claude Meisch was re-elected as president of the party. A controversy was sparked by the former Minister of Health, Carlo Wagner, who criticised the secretary general of the party, Georges Gudenburg, (who was a candidate, but was not elected), and held him responsible for the weak performance of the party during the legislative elections. The party leadership threatened to exclude Carlo Wagner and at the same time asked Gudenburg to prepare a new general secretariat and abandon his post in spring 2010.

In July, Fernand Kartheiser, former ambassador and president of the Association of Men in Luxembourg, became the new vice-president and treasurer of the Alternative Democratic Reform Party (ADR). The National Executive Board took collective responsibility for the bad electoral result of the ADR. The president of the party, Robert Mehlen, was unanimously confirmed by the National Board. Meanwhile, Roy Reding (with 29 votes in favour and one abstention) remained Secretary-General.

In November 2009, Sam Tanson and Christian Goebel, respectively lawyer and technician, were elected co-chair of the Green Party. Among the coalition parties, Marco Schanck from the social tendency of the CSV became the new Secretary General of the party, while Michel Wolter, previous minister and head of the parliamentary group, known for his more liberal views on socio-economic issues, became party president. Jean-Louis Schiltz, who was minister in the previous government, became parliamentary party chairman. Similarly, at the LSAP, former minister Lucien Lux became head of the parliamentary

party group. Yves Cruchten, former president of the youth component of the party, became Secretary General of the Socialists.

Issues in national politics

In July, the Minister of Finance Luc Frieden proudly declared that Luxembourg was the first financial centre to be withdrawn from the OECD 'grey list' and was now on the white list of jurisdictions applying the international standards of international tax cooperation. In order to switch from one list to the other, Luxembourg concluded twelve bilateral agreements on avoidance of double taxation in accordance with the OECD convention model. According to these agreements, Luxembourg supports an exchange of information upon request in specific cases and based on concrete evidence.

In September, the budget for 2010 presented to the Chamber of Deputies was defined by the Minister of Finance as an 'anti-crisis budget', the first of the kind since 1982. It was based on the assumption of a growth of 1–1.5 per cent in 2010 (after negative growth of 0.9 per cent in 2008 and 4 per cent in 2009), an inflation rate of 2 per cent (after 0.5 per cent in 2009), an increase in unemployment to 6.5 or even 7 per cent and a decrease of 0.8 per cent in revenue. Despite a decrease in its income, the government planned to increase its social and public expenditures in order to sustain economic growth. Overall, the budget exercise of 2010 would increase the public debt of €1.6 billion, which would amount to €7 billion (19.5 per cent of the GDP). Even if the public debt is still largely under the 60 per cent deficit allowed by the Stability Pact of the EU, the government made clear that further indebtedness was not an option for a small and open country such as Luxembourg, which is characterised by an extreme volatility of incoming revenues and fairly fixed costs.

Starting with the budget of 2011, the government will aim to balance the budget by 2014. Three paths are proposed for facing the debts: first, a cost reduction of the functioning of the state; second, stricter control of state investments; and third, the reduction of social benefits for the population. The concrete forms that these measures would take should be discussed and decided in the spring of 2010 by the 'Tripartite' (the conciliation procedure gathering together government, the trade unions and employer associations). The risk of failure of the negotiations and, as a consequence, of the Luxembourgish model of conciliation, were for the first time very high: on the one hand, the employers refused any extra effort by arguing that they would lose their international competitiveness and, on the other, the trade unions opposed welfare cuts arguing that they were not responsible for the crisis.

Notes

1. The first vote taken was adopted in December 2008 by a vote of 56 MPs in favour and one abstention, rather than a complete unanimous vote as referred to in Dumont et al. (2009: 1039). The former ADR parliamentary group member, Aly Jaerling, who kept his seat as independent abstained and supported the holding of a referendum on the constitutional amendment. The second vote, taken in March 2009, was adopted by a unanimous vote of the 52 MPs present, with Jaerling being among the absent MPs.
2. www.legilux.public.lu/leg/a/archives/2009/0125/a125.pdf#page=2
3. <http://wahlen.rtl.lu/news/tns-ilres/17190.html> and <http://wahlen.rtl.lu/news/tns-ilres/17144.html>
4. The German Socialist Party president (Franz Müntefering) declared that the closing-down of tax havens was not rapid enough and that 'in former times we [i.e., Germans] would have sent our troops there. But today that is impossible'. German Socialist Finance Minister (Peer Steinbrück) compared Luxembourg's financial transparency (and that of the other small countries that still rely on banking secrecy) to that of Burkina-Faso. Much less shocking criticisms also came from various French political camps.
5. Juncker set a new record of personal votes in his constituency (South).
6. He received the largest personal total with 112,113 votes (voters may give up to two votes to the same candidate), overtaking the CSV EU Commissioner Reding (105,656) and the outgoing Green MEP Claude Turmes (77,306), who scored more than the other outgoing MEP, LSAP's frontrunner Robert Goebbels.

Sources and further information

Dumont, P., Kies, R. & Poirier, Ph. (2008). Luxembourg. *European Journal of Political Research* 47(7–8): 1060–1070.

Dumont, P., Kies, R. & Poirier, Ph. (2009). Luxembourg. *European Journal of Political Research* 48(7–8): 1037–1046.

Dumont, P., Kies, R. & Poirier, Ph. (2010). Luxembourg: The challenge of inclusive democracy in a 'local state'. In J. Loughlin, F. Hendriks & A. Lidström (eds). *Oxford handbook of subnational democracy*. Oxford: Oxford University Press.

Dumont, P. & Poirier, Ph. (2006). *Les élections législatives et européennes de 2004 au Grand-Duché de Luxembourg. Synthèse du rapport élaboré pour la Chambre des Députés*. Luxembourg: Service Central des Imprimés de l'Etat.

Huberty, M. (2009). The national legislative and European Parliament elections in Luxembourg, 7 June 2009. *EPERN election briefings series*. Brighton: University of Sussex.