

Luxembourg

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Table 1. Cabinet composition of Juncker-Asselborn I (or Juncker III)

For the composition of Juncker-Asselborn I (or Juncker III) on 1 January 2007,
see Dumont & Poirier (2005: 1106–1107).

Changes during 2007:

None, but on 22 February 2006, a portfolio changed hands between CSV ministers (not mentioned in Dumont & Poirier 2007: 1032–1037) and for one of his portfolios, one of these ministers became a full minister instead of being a minister delegate

Minister of Justice, Minister of Treasury and Budget, Minister of Defence/*Ministre de la Justice, Ministre du Trésor et du Budget, Ministre de la Défense*: Luc Frieden (1963 male, CSV) *resigned* as Minister of Defence/*Ministre de la Défense*, and was *replaced* by Jean-Louis Schiltz (1964 male, CSV).

Minister of Cooperation and Humanitarian Action, Minister delegate for Communications/*Ministre de la Coopération et de l'Action humanitaire, Ministre délégué aux Communications*: Jean-Louis Schiltz (1964 male, CSV) became Minister of Cooperation and Humanitarian Action, Minister (full minister) for Communications, Minister of Defence/*Ministre de la Coopération et de l'Action humanitaire, Ministre (ministre plein) aux Communications, Ministre de la Défense* on 22 February 2006

Institutional changes

In December 2007, the Chamber of Deputies voted on Luxembourg's first law on public financing of political parties. Luxembourg was the last Member State of the European Union (EU) to do so, although discussions on public financing of political parties started in the mid-1980s and all parliamentary groups had proposed bills on this matter. The bill that was finally approved is

based on an historic consensus among all parliamentary groups and ‘political leanings’ (*‘sensibilités politiques’*¹) in the Chamber as they introduced the bill together. It was also a planned reform in the coalition agreement in 2004. A ‘political party’ in Luxembourg is an association composed only of individuals, with or without legal personality, which is in compliance with the fundamental principles of democracy, the expression of universal suffrage and the popular will.

To be eligible for state funding, a political party shall:² participate actively and permanently in the country’s political life; submit a complete list in the four electoral districts in parliamentary elections and a list in the single national constituency in the European elections; obtain 2 per cent of total votes cast in national and European elections; deposit its statutes and the list of its national leaders in the office of the President of Parliament; declare its sources of finance by providing a list of donors and donations over €250 (only individuals can make donations to political parties and their components; donations from a legal person are not permitted); commit 10 per cent of the state allocation in research, training and political studies; ensure that each local or sector-based branch of the party delivers annually transparent accounts that cover all revenue and expenditure, validated by the General Assembly of the party after scrutiny from auditors; and publish its annual accounts in the official journal of Luxembourg. The annual amount of public financing of political parties will be calculated as follows: a lump sum of €100,000 to be allocated to each party that has won two percentage points of total votes cast, and an additional amount of €11,500 for each percentage point of additional votes received in national and European elections.

During the Summer, both Government and opposition parties agreed to amend the Constitution to recognize the existence of political parties, and the amendment was passed unanimously in late December 2007. Article 32bis of the Constitution now reads: ‘Political parties contribute to the formation of the popular will and the expression of universal suffrage. They express democratic pluralism.’¹³ Only the Communist Party of Luxembourg and the Left movement (without parliamentary representation since the last elections in 2004) criticised these two bills, especially with regard to the definition of a political party and the threshold for receiving public funding.

Political parties

In October, representatives of the Luxembourg’s Men’s Association (*Association des hommes du Luxembourg*, AHL) declared in a press conference that they might run for national and European elections by presenting their own

electoral lists in 2009. The AHL was formed in 2006 to campaign against what they see as 'feminist' laws that disadvantage men's interests. They denounce the tendency to create 'unnecessary' equal opportunities in governmental agencies or committees and argue that the way justice deals with cases of divorce (e.g., awarding the right of child custody more often to mothers – a decision that has consequences in terms of fiscal advantages) discriminates against males. State prosecutor Biever responded publicly to these allegations by using statistics to show that there was no gender bias in the treatment of cases of divorce. At the end of the year it was not yet decided whether AHL would run for elections on its own or would seek to form an electoral cartel with an existing party.

Issues in national politics

In the first part of the year, a bill proposal originally introduced in October 2006 by the chairman of the CSV parliamentary group, Michel Wolter, without much consultation within his party or group, raised unexpected interest and debate among the population (Poirier 2006). The proposal was to change the national flag from the classical tricolour flag (red-white-blue) to the much more expressive Red Lion flag that had so far tended to be used exclusively during sports events. It aimed at rehabilitating the *Roude Leiw* (Red Lion) that evokes the ancient greatness of a medieval past and at avoiding the confusion with the Dutch flag (only the shade of blue is different). This triggered unexpected fervour in the population: badges and car-stickers representing the Red Lion with the motto 'I'm in favour' flourished, while letters to newspaper editors and Internet forums reflected this interest. A 'Red Lion Committee' was even created and was able to gather some 26,000 signatures making the issue the subject of one of the largest petitions in Luxembourg ever. A survey revealed that half of the population was in favour of such a change and only a fifth was against (Fehlen, forthcoming). Perceiving the potential danger of a crystallisation of the debate around identity clashes, the Government, and in particular the Prime Minister, issued a compromise 'à la luxembourgeoise' according to which the tricolour flag would internationally remain the official flag, but the Red Lion would receive legal recognition for sporting, patriotic and cultural events. In other words, the two flags could be seen as complementary and not in conflict.

Education has been a major concern for Luxembourg residents for almost a decade. In 2007, debates again concerned the results of international comparatives benchmarking reports, but also salary increase claims by teachers from primary schools. The education system is still based on the education law

of 1912, which is, according to most political actors, not adapted to the multi-cultural and plurilingual characteristics of the country or to the challenges of the twenty-first century. However, the three pieces of legislation introduced by the Minister of Education during the Summer (on school obligation, the organisation of teaching at the fundamental level and the organisation of the teaching staff) were not yet voted upon at the end of the year.

Benchmarking reports revealed mixed results for Luxembourg's children. The country scored very low (as it did in the previous editions) on the PISA 2006 comparative study organised by the OECD dedicated to the science disciplines for 15 year-old students, as it ranked 34th out of 57 countries leaving only Italy, Portugal, Bulgaria and Romania as EU countries behind it. However, it did much better in comparative assessments of younger cohorts. In the PILRS⁴ test, which compares the reading aptitudes of students in the fifth year of primary school, very good results were reached for Luxemburgish students since they reached the sixth position among 45 countries participating and first position among the EU countries. Although public pressure for improvement of the system is still high, these results could be seen as encouraging.

Another issue that has been high on public opinion priorities in recent years is the dramatic increase in the cost of living in the Grand Duchy, which has gradually become a social problem as a growing number of households live in unsatisfactory conditions, move across the border to where the prices are lower, and/or become highly indebted when managing to buy a property in Luxembourg.⁵ The 'Housing Pact' bill project introduced in March aims to increase housing and therefore decrease its price by introducing the right of pre-emption, the leasehold, and through administrative measures and taxation. While there is general agreement on the need for a solution to facilitate the access to housing, specific measures for reaching this objective have been highly criticised by the different professional chambers that were consulted, the political parties of the opposition, the union of cities and municipalities, and the Council of State, which has expressed formal opposition to the bill insofar as it contains the risk of incompatibility with constitutional and EU law. As a consequence, the urgent national housing problem was not resolved by the end of the year.

In July 2007, the Minister of Religious Affairs (*Ministre des Cultes*), François Biltgen, presented the draft agreement between the state and the Muslim community (around 6,000 residents) of the Grand Duchy. This agreement is aimed, in accordance with Article 22 of the Constitution, at regulating relations between the state and the Muslim community represented by a newly created Assembly of Muslims of Luxembourg emanating from the four major centres of worship and mosques in the country, with the long-term goal of

reaching an equality of treatment between all faiths and the Catholic Church, particularly with respect to religious education and health management.⁶ The Minister also insisted that ‘the agreement is also aimed at promoting the integration of Muslim citizens of Luxembourg’.⁷ The text was the result of long negotiations between the Ministry and representatives of the Muslim religion in Luxembourg. These started in March 2003 after a petition was submitted by Muslim leaders to the parliament asking for such agreement. It was also supported and signed by the Roman Catholic Archbishop.

To come into force, the convention must be ratified by law, while the statutes (regulating, among other things, the issue of the internal organisation of worship and religious recruitment) of the Muslim religion must in addition be approved by the Government. The bill attributes legal personality to the Muslim religion and specifies that job creation has to be borne financially by the State Treasury. The legal entity should be based in Luxembourg and only involve Muslims residing in Luxembourg. It will be responsible for the territorial organisation of the community and the distinction between centres of worship and mosques. The Mufti (for whom no nationality requirement is specified) will be elected and appointed by the Shoura (the Assembly of Muslims) Council. However, the appointment will only take effect after approval by the Minister of Religious Affairs. The Mufti will make the following oath: ‘I swear by Allah and the Koran and promise to obey and be faithful to the Supreme Grand Duke and the government established by the Constitution of the Grand Duchy of Luxembourg and to abstain from any act which is against the public order and security of the Grand Duchy.’ At the end of 2007, the Shoura Council had not yet chosen the Mufti.

The draft convention with Islam, not yet amended or voted on by the Chamber of Deputies, was strongly criticised by several political parties (a part of the Socialists and Liberals, all MPs from the Greens and the sovereignist ADR) and nongovernmental organisations. They fear that the oath on the Koran could give the capacity to Muslim authorities to impose Sharia on their community as higher law.⁸ The Government stated in its response that the draft convention was not intended to recognise Islam, but rather the Muslim community in Luxembourg, which adheres to the principles laid down in a resolution passed by the Chamber of Deputies in 1998, with the appointment of a unique contact person and the condition to be submitted to the Constitution and the public order. The Government wished to emphasise that the draft convention did not affect religious matters, but merely regulated relations that the state intends to maintain with religious communities (Poirier 2008).

In the second part of the year, societal debates increasingly interested public opinion and the media. Following the advice of the Council of State,

two strongly connected yet conflicting bill proposals regarding the general issue of euthanasia were discussed together in the 'health and social security' parliamentary committee of the Chamber of Deputies. The first had been introduced in 2002 by Lydie Err (Socialist Party, LSAP, which at the time was in opposition but became CSV's governmental junior partner in 2004) and Jean Huss (Green Party, *Déi Greng*).⁹ It laid down the specific circumstances under which the act of euthanasia performed by a doctor would be depenalised. The other proposal came from the current government (CSV-LSAP) and was introduced in 2006. It privileged palliative medicine over allowing the capacity of performing euthanasia.¹⁰ After heated debates over the contents of the proposals and advice requested by the committee, the declaration of the vice-president of the CSV and spokeswoman on this issue, MP Marie-Josée Frank, hit the headlines. She argued in October that MPs of her party being tempted to vote in favour of active euthanasia 'did not belong to the CSV'. Although her position was backed by much of the party local representatives and rank-and-file, she was publicly overruled by both her parliamentary group chairman and the Prime Minister, as earlier in the year the CSV group had unanimously decided that party discipline would not apply for this vote.¹¹ As a sanction she was denied the right to be the party spokesman on this issue. In recent times, questions such as biomedical research (see Dumont & Poirier 2007: 1035–1036), euthanasia and to a more limited extent that of the civil marriage of homosexuals and adoption for single people and homosexual couples (in November 2007, a motion of the Green Party was voted upon by all MPs, urging parliamentary treatment of these issues in the near future) divided almost all parties internally, but were often used by the opposition as a means of damaging government parties' cohesion.

The question of replacing religious studies with a course on 'ethical values' in public schools added to a number of questions in which the Christian Democrats could be seen as fairly isolated. On the basis of policy closeness on such societal issues, leaders of the LSAP, the DP and the Greens (*Déi Greng*, the party that most clearly calls for the ousting of the CSV from government) debated publicly in October the opportunity of forming a 'rainbow' coalition excluding the Christian Democrats.¹² The Socialists, junior partner of the CSV until 2009, nevertheless pointed at arguably more important issues such as social and fiscal policy or the role of the state in which the three potential partners would still display clear ideological differences. The question is however no longer taboo; incidentally, the previous Prime Minister of a coalition excluding the CSV, the Liberal Gaston Thorn who conducted a DP-LSAP government from 1974 to 1979 but was also President of the European Commission in the 1980s, died in August.

Apart from these policy challenges on (and within) the largest party of the country, the fate of its heavyweights was also at stake during the year. For instance, it has been a test year for Minister of Justice, Minister of Treasury and Budget Luc Frieden, one of the favourite candidates to succeed to current Prime Minister Juncker. His performance in reacting to events and drafting new legislation has been under critical scrutiny. First, he was criticised, mostly by the liberal opposition, for bad administration of the national prison. In the last four years, three criminals escaped from prison, several minors were illegally imprisoned and a young prisoner killed himself after having been repeatedly raped by fellow prisoners. Moreover, a large quantity of drugs, particularly heroin, circulates within the prison without any clue how this can enter. According to several opposition MPs, these affairs reveal the failure of the whole prison system, and Frieden, who had been Minister of Justice since February 1998, should be held accountable.

Frieden is also the promoter of one of the most anticipated pieces of legislation, which aims to reform the law on Luxembourgish nationality with the possibility of awarding dual nationality to foreigners who do not want to give up their original nationality – an issue dear to Prime Minister Juncker. While this piece of legislation is primarily aimed at promoting a greater integration of the foreign population and guaranteeing long-term social cohesion, a large part of the civil society continued criticising (see Dumont & Poirier 2007: 1036) the restrictive criteria laid down by the Government (duration of residence, linguistic and civic competences) and more specifically the positions defended by the Minister of Justice, who introduced the bill.¹³ Finally, in the follow-up of the unresolved Bommeléeër Affair (terrorist attacks that took place in 1985, see Dumont and Poirier 2006: 1195–1196), the State Prosecutor announced at the end of the year that an investigation had led to the inculpation of two police officers – an embarrassing situation for the Government and in particular for the Minister of Justice also in charge of the police. The latter did not take swift and firm action towards the policemen or towards the Head of the Police, who outrageously claimed the innocence of his two employees. The simultaneous charge of both Justice and Police probably contributed to Frieden's rather ambiguous behaviour in this matter.

As Minister of Treasury and Budget, however – as Luxembourg's economic situation was not really affected by the importation of the international crisis coming from the United States and the rise of oil prices – Frieden could provide reassuring news to Luxembourg citizens as surpluses registered for public finances permitted the presentation of a 2008 budget with new generous fiscal measures. More generally, according to the figures of the official statistics institute (STATEC 2008), growth would only display a moderate slowdown compared to 2006, inflation was somehow lower in 2007 (2.3 per cent) than in

2006 (2.7 per cent) and the labour market recorded a rise in salaried employment of almost 5 per cent. Contrary to previous years where increases in salaried employment were accompanied by increases in interior unemployment rate (as the vast majority of new jobs were taken by transborder commuters), the latter was lower at the end of 2007 (4.2 per cent) than 12 months previously.

The main figure of the CSV, Prime Minister Jean-Claude Juncker, celebrated in December his uninterrupted presence of 25 years (and almost 13 years as Prime Minister) in Luxembourg's government. Although not officially a candidate for the position of President of the EU Council to be created in January 2009 after the ratification of the modified EU Treaty, 63 per cent of Luxembourgers (among whom voters of the CSV were the least enthusiastic) thought he should accept it in the event he was invited to take it. In 2004 Juncker had promised he would remain Prime Minister even if he was proposed as President of the EU Commission; by the end of 2007 he had not reiterated this promise, leaving the question of his potential succession hanging and yet another great challenge for the fate of the party in the next elections in 2009.

Regarding European issues, Juncker declared after the June Council that the new draft Treaty submitted to the IGC was better than the Nice one, but worse than the Constitutional Treaty that had been voted on by referendum in Luxembourg in that it was a 'complicated simplified Treaty'. Heavyweights of the junior partner LSAP were even more critical, but later in the year a large majority in the Chamber of Deputies expressed its mild satisfaction with the Lisbon Treaty and voted on the decision to ratify it early in 2008 through a parliamentary vote instead of a new referendum (only the ADR reiterated its demands for a new referendum and its opposition to the entry of Turkey into the EU).

After having vetoed the reform of VAT collection on electronic services in the EU in June and November, a compromise was found in December. Prime Minister and Minister of Finance Juncker pleaded to keep the current system where VAT is applied to the country of origin of the service, while the draft directive established taxation in the country of the customer from 2010 onwards. As revenues generated by electronic services companies installed in Luxembourg due to its 15 per cent VAT rate represented 1 per cent of the country's GDP, Juncker first proposed in November to delay the entry into force of the directive by five years and the allocation of a part of VAT to the country of origin and the country of the customer, but 25 Member States refused. The compromise arrived at in December specifies that from 2010 to 2016 the country of origin would receive 30 per cent of these revenues, then from 2017 to the end of 2018 only 15 per cent, before coming to the full

allocation of VAT revenues to the country of the customer in January 2019. On another hot topic regarding Luxembourg's national interests – the complete liberalisation of the postal services that caused strikes in the country – the government (together with ten other Member States) managed to get a delay of two years for the implementation of the directive. Note that Luxembourg was once again one of the bad pupils of the EU class regarding the timely transposition of directives, and in particular in the field of immigration the government was condemned by the Court of Justice, leading it to urgently adopt an executive decree at the end of the year.

Finally, the principle of two institutional reforms regarding European elections was discussed at the end of the year. First, in the debate over the potential for having separate elections for the Chamber of Deputies and the European Parliament (heavyweights are usually present on both lists as elections are held simultaneously since 1979, and elected candidates who become ministers leave their EP seat to substitutes – that was the case for four of the six elected MEPs in 2004, and all three of the CSV), a bill proposal introduced by a majority (CSV) MP urged instead for the reduction of the list of candidates for the European Parliament elections. Instead of 12 candidates, each list would count six candidates, thereby inciting (without forbidding double candidatures) parties to present candidates committing to sitting in Strasbourg and Brussels as there would be a smaller safety net. As for national elections, voters would be allowed to cast two votes for the same candidate. Second, the government agreed on the principle of reducing the time gap between the registration of EU citizens for European Parliament elections and the date of the elections and lowering the requirement of duration of residence (from five to two years) to be allowed to vote in these elections, as was proposed in a bill introduced in 2006 by two MPs of the junior party of the coalition. Both proposed reforms were clearly aimed at increasing the interest of the population in the European level and granting greater access to political participation to EU citizens, which represent 36 per cent of Luxembourg's population (with non-EU citizens representing 42 per cent of the population in 2007).

Notes

1. Since May 2006 there are only four 'parliamentary groups' represented in the Chamber since Aly Jaerling left the ADR group (officially because of the new sovereignist line of the party; see Dumont & Poirier 2006: 1032–1037) and became an independent MP. As five MPs (there are 60 MPs in the Chamber) are needed to be recognised as a 'group', with only four MPs left the ADR became a 'political leaning' ('sensibilité politique'). Through consensus among the parties, all the ensuing financial and organisational consequences of this demotion were not applied for the rest of the legislative mandate.

2. Loi du 21 décembre 2007 portant réglementation du financement des partis politiques. Available online at: www.legilux.public.lu/leg/a/archives/2007/0237/a237.pdf
3. Loi du 31 mars 2008 portant création d'un article 32bis nouveau de la Constitution. Available online at: www.legilux.public.lu/leg/a/archives/2008/0037/a037.pdf#page=2 (the vote was taken at the Chambre des Députés on 5 December 2007).
4. Progress in International Reading Literary Study (PIRLS) is organised by the International Association for the Evaluation of the Educational Achievement.
5. See *Projet de loi promouvant l'habitat, créant un 'pacte logement' avec les communes, instituant une politique active de maîtrise du foncier et modifiant certaines dispositions du Code civil*, Chambre des Députés, 8 March 2007. Available online at: www.chd.lu/archives/ArchivesPortlet
6. The Catholic Church, the Jewish community, the Protestant churches and the Greek Orthodox Church, the Romanian and Serbian Orthodox Church, and the Anglican church already benefited from such an agreement with the State of Luxembourg.
7. *Gouvernement du Luxembourg, François Biltgen présente le projet de convention entre l'État du Grand-Duché de Luxembourg et le culte musulman*, 24 July 2007. Available online at: www.gouvernement.lu/salle_presse/actualite/2007/07/24biltgen_cultemusulman/index.html
8. 'Prudence et petits pas . . .', *Tagblatt*, 23 August 2007.
9. See Proposition de loi 4909 sur le droit de mourir en dignité, Chambre des Députés, 5 February 2002. Available online at: www.chd.lu/archives/ArchivesPortlet
10. See *Projet de loi 5584 relatif aux soins palliatifs, à la directive anticipée et à l'accompagnement en fin de vie*, Chambre des Députés, 7 June 2006. Available online at: www.chd.lu/archives/ArchivesPortlet
11. All other parties also relieve their MPs from party discipline in votes on ethical issues.
12. A restricted form of this rainbow coalition exists for the city of Luxembourg since 2005 (Dumont & Poirier 2006: 1195) where the Liberals and the Greens are in power, but contrary to the national level, the CSV was not the long-time dominant party in the City Council.
13. See *Projet de loi 5620 sur la nationalité luxembourgeoise*, Chambre des Députés, 13 October 2006. Available online at: www.chd.lu/archives/ArchivesPortlet

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