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Luxembourg

Luxembourg elections open new political chapter

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Legislative elections were held in Luxembourg on October 20. The immediate outcome was that the ruling (practically non-stop since 1945) party, the Christian Social People's Party (CSV) looks headed for the opposition benches. A new three-party government is in the making, under the aegis of the Democratic Party, the most thoroughgoing liberal party in Luxembourg and the big winner in these elections, obviously taking votes from the CSV. The anti-capitalist party déi Lénk made less spectacular but solid progress.

For several decades legislative elections in Luxembourg have taken place every five years, regular as clockwork, coinciding since 1979 with the European elections. So the next ones were due in May 2014. This time it was a little different. The October 20 elections were the outcome of a political crisis. For months before they were called, political life in the country had become increasingly dominated by the scandal surrounding the state "information service", the SREL. In the first place it emerged that the SREL had assembled and maintained files on many thousands of Luxembourg citizens as well as on political organizations and campaigns. All those in fact who while engaging in perfectly legal political activities were considered as a potential threat to the existing social and political order. The claim that this was done only in the context of the Cold War has been proved false; in some cases at least it continued well beyond that, and there is no guarantee that nothing of the sort continues.

A parliamentary commission of enquiry was set up, on which the one MP of déi Lénk sat. Its summary of the activities of the SREL is illuminating: illegal phone-tapping; spying on private individuals without any legal mandate to do so; misappropriation and theft of public funds; attempts at corruption; establishment of a secret police; use of internal confidential information for private purposes; functioning outwith clearly defined hierarchical rules; unacceptable behaviour towards the parliamentary control commission responsible for supervising the SREL, by giving it no or incorrect information on its activities. The allegations of phone-tapping also concerned politicians and very probably the grand-ducal family. The cloak-and-dagger aspect of the whole business was best exemplified by the scene, like something out of a James Bond film, where the then head of the SREL taped a conversation with Prime Minister Jean-Paul Juncker using a specially adapted wristwatch.

In parallel a court case finally began (it still continues) concerning a series of bomb attacks in the 1980s, considered at the time as terrorist attacks, known as the Bommeleer affair. Subsequently involvement of the state forces was suspected (a brigade of gendarmerie, since dissolved, two of whose agents are now on trial); it now appears very likely that the attacks were carried out (as a training exercise...) by SREL officers acting along with American operatives, in the context of the NATO and CIA-inspired Stay Behind programme.

All of this posed many questions concerning the functioning of the Luxembourg "deep state" and of the state in general. Concerning the SREL, the question of the responsibility of government figures (who knew what and when? who did what and when?) was posed. This targeted in particular the Prime Minister (since 1995) Jean-Claude Juncker, to whom the SREL was answerable. Also under the spotlight was Luc Frieden, Minister of Finance and leading representative of the hardline neoliberal wing of the CSV and the government. Frieden had previously been Minister of Justice and of the Police, and was suspected of having used his position to try and bury the Bommeleer affair before it came to court. But there were also wider questions concerning the whole way of operating of the government, the aura of secrecy, decisions being taken behind the backs of and without informing elected representatives. This has emerged in a number of affairs over the last couple of years. Several of them have involved Qatar - Qatari capital, encouraged by the Luxembourg government, has shown a lively interest in investing in the Luxembourg financial sector: it has now taken over two banks. The shady dealings behind these takeovers (on very favourable terms for the Qataris) involved government ministers and members of the grand-ducal family. An attempt by Qatari capital to take over the air freight company Cargolux was stopped by a very strong mobilization of the

company's employees and its repercussions in the political sphere. Other affairs involved collusion with property speculators. All of this was seen as an integral part of the functioning of the "CSV-state": the party has been continuously in government since 1945, except for a five-year break in the 1970s.

In June Frieden was only saved from a motion of no confidence by the support of the Socialists (LSAP) the junior partner in the governing coalition. On July 10, when the parliamentary commission made its report on the SREL, the Socialists intimated that they, like every other party except the CSV, would vote to adopt it. Before the vote could be taken Juncker announced that he would ask the Grand Duke to dissolve parliament and that new elections would be held.

In the context of the crisis that had provoked the elections the questions of democracy and clean government took on more importance than they might have done otherwise. So the first chapter of the electoral programme of déi Lénk dealt with those questions, calling for a profound reform of state institutions, transparency, direct intervention of citizens in political decisions, strengthening parliamentary control of the government, abolition of the monarchy, separation of Church and State and dissolution of the SREL. In the context of a proposed reform of the Constitution which was already under discussion before the elections déi Lénk calls for the convocation of a Constituent Assembly and for a wide-ranging debate in the country.

However the most important democratic reform concerns undoubtedly the question of extending the right to vote to residents who are not Luxemburgish citizens. This would be a correct thing to demand in any country, and déi Lénk is of course in favour of it, but in Luxembourg it takes on central importance, because foreigners make up 44 per cent of the population. And in fact it is not simply a democratic demand; it has a strong class aspect. A majority of the working population is made up of non-Luxemburgish citizens, both residents and frontaliers ("border workers") who commute daily from neighbouring France, Belgium and Germany. This is illustrated by the fact that the electorate in the October 20 elections was 238,000 (the population of Luxembourg is 537,000), while for the social elections on November 13, which elect workplace representatives, and in which both resident foreigners and frontaliers can vote, it is 430,000. The percentage of Luxembourg citizens in the working population is about a third and it is heavily concentrated in the civil service and the public sector. Most workers in the private sector are non-Luxemburgish - in the building industry and the hotel-restaurant sector the figures are over 90 per cent.

Of course democratic issues and demands were not the only and not even the main questions preoccupying Luxembourg electors. Social issues were very much to the fore. Luxembourg may have the highest GDP per head in the EU, there is still poverty. Not only is there rising unemployment - 8.6 per cent according to ILO criteria, more than double that among young people - there is also the phenomenon of the working poor. The minimum wage is below the officially-recognized poverty level and 14 per cent of the population live below this level. One of the main problems, and a central axis of déi Lénk's campaign, is the question of housing, where both house prices and rents are astronomical and there is a severe shortage of social housing.

In the construction of neo-liberal Europe Luxembourg has always played an active role, most recently seen in Juncker's tenure as president of the Eurogroup of eurozone finance ministers from 2005-2013. Nevertheless, neo-liberal reforms have not - yet - been pushed as far as in many other countries and substantial elements of the Welfare State, or social state as it is known here, subsist. Juncker has opted for a slow but steady - and duplicitous - approach, gradually eroding social rights while verbally defending them, seeking to maintain social peace. Thus, he has limited the indexation of wages on the cost of living, but not abolished it as he has been repeatedly called upon to do by the employers' organizations in Luxembourg, supported by the IMF, the European Commission and the OECD. Similarly, the pension reform, whose effect was to give people the "choice" between working longer, having a pension cut by up to 15 per cent, or, preferably, taking out a private pension, was criticized by the same forces as being inadequate. Nevertheless, at whatever speed, the direction of travel is unmistakable. On this trajectory, the index will go, there will be a new pension reform, creeping privatization will continue, as will cuts in public spending. The outcome of these elections may well accelerate the process.

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The objective of the CSV was to limit the damage from the scandal around the SREL and other affairs. In the event it lost around 5 per cent of its vote and went down from 26 to 23 seats (out of 60). That still left it as the biggest party, with the arithmetic possibility of forming another coalition. But a new project was emerging, that of a tripartite government between the LSAP, the Greens and the Democratic Party. So the campaign was filled with calls for renewal from these parties, which did not concretize into a clear governmental perspective during the campaign, since the three parties did not know whether they would have a majority or not: in which case at least one of them would have to ally with the CSV.

No one needed renewing more than the LSAP. This party has spent all but five of the last 30 years in coalition with the CSV. It had to try and make people forget its responsibility for the outgoing government's balance sheet, present a more left image, while repeating its usual refrain, "without us it would have been worse". It chose a new leader, the minister of the Economy Etienne Schneider, supposedly to give a young and dynamic image. Schneider was not necessarily the best choice: he is the representative of a clearly neo-liberal wing of the party, little concerned with the party's historic links with the unions. The LSAP went into the election with 13 seats and came out with 13 seats and just over 20 per cent of the vote. It lost just over one per cent compared to the previous election, but 3 per cent in the more populous and working-class South and Centre regions. Thus continued a long, slow erosion of the party's vote, since 1964 when it was the first party with over 37 per cent.

The main victor was certainly the DP, which went from 9 to 13 seats. Added to the 13 of the LSAP and the 6 of the Greens, that gave the trio 32 out of 60. The tripartite wagon was on the road and the DP was in the driving seat. Its leader Xavier Bettel was duly charged with forming a government, a process which may take some weeks. But barring a big surprise, that is the government that is likely to take office. So what will it do?

The initial reaction of many people, including some on the left, was to feel somewhat relieved at the prospect of this government. First of all, because Juncker and the CSV are finally gone. Secondly, because the three parties are all committed to modernizing Luxembourg society and to implementing certain societal reforms: separation of Church and State, same sex marriage, the right to vote for non-Luxembourgish citizens. The concretization of this latter measure appears complicated: it would require a two-thirds vote in Parliament, which the new coalition does not have, not even with the help of déi Lénk, which it would get on this issue. The CSV is against, as is the small right wing populist party ADR. But the question merits another look.

In supporting votes for foreigners, the coalition is expressing the view of the Luxembourg employers' organizations, which are all in favour. Surprising? At first sight perhaps. But there is a logic. As elsewhere, the aim of the Luxembourg employers is to weaken and dismantle the public sector, remove job security, introduce private-sector management methods, open it up to market forces, privatize. Not so easy when the public sector provides most of the electorate. Granting the right to vote to non-Luxembourgish citizens would be accompanied by attempts to mobilize them against the "privileged" Luxemburgers, with the aim of "leveling out" the differences between the public and private sector - in a downward direction, of course. So to maintain and build unity between Luxembourgish and non-Luxembourgish workers is a challenge for the trade unions and the Left. On the trade-union level the question is taken seriously and many non-Luxembourgish workers are unionized. On the political level, much remains to be done: in the last local elections, where resident foreigners can vote, only 17 per cent did so.

The election campaign of déi Lénk was centred, along with the question of democracy, on social questions: education, housing, employment, social protection. Beyond these immediate questions, there is the question of a different economic perspective for Luxembourg. Déi Lénk was the only party which challenged the dogma of the centrality of the financial sector - a reality which has developed since the crisis of the steel industry in the 1980s. All the other parties (except the small Communist Party, KPL) accept that the financial centre will continue to be the centre of the economy, even though they make noises about developing the productive economy - the LSAP even talks grandiosely about a "Marshall Plan". This concentration on the financial sector is all the more dangerous in the present context of cut-throat competition between the main financial centres in Europe, in which Luxembourg has a

lot to lose.

Déi Lénk proposes first of all to defend existing public services and enterprises and oppose privatization and outsourcing. Secondly the establishment of a public banking pole which can subsequently be extended and whose purpose would be public investment in and the provision of credit to the productive economy, centred on municipal, cooperative and private small and medium enterprises and on the perspective of sustainable development. In the particular situation of Luxembourg, economic policy and planning would immediately involve cooperation with the neighbouring regions of France, Belgium and Germany, what is known as the Grande Région. This is above all the case of the steel industry, with the ultimate objective of its socialization on a regional level.

In these elections, déi Lénk obtained 4.94 per cent of the vote (3.3 per cent in 2009) and went from one to two MPs, narrowly missing the election of a third. Its vote increased by 50 per cent compared to 2009. In many communes (boroughs) it won over 5 per cent, in some over 6 and in two over 7 per cent. The first analyses show that our votes came firstly, from previous LSAP voters, but also from the CSV and the Greens. On this occasion the KPL got a third of the vote won by déi Lénk (half in 2009). Its vote really collapsed in most of the country, except in the South where it retains some local implantation. The Pirate Party got a respectable 2.94 per cent on its first outing. Its politics are something of a mixture of societal libertarianism and economic liberalism, but they are not entirely crystallized. They probably took some votes that déi Lénk might otherwise have had.

The only two parties who gained votes and seats in these elections were the DP and déi Lénk - the most consistently liberal party on the one hand, and on the other the only party which will provide an opposition inside and outside Parliament to neoliberal capitalism. Without over-exaggerating this can be seen as the beginning of a certain polarization. In these elections the LSAP was seriously worried about déi Lénk and spent a lot of time attacking us in the latter part of the campaign. And déi Lénk is increasingly appreciated by trade-union activists. A rather clear expression of this came from Jean-Claude Reding, president of the main trade-union confederation, the OGBL. Reding came to a picket organized by déi Lénk in solidarity with the November 14 strikes last year, where he said the following: "At present, I only hear one voice in support of the workers and the unions, and that is the voice of this party. That is also why I came this evening. The other parties say they are in solidarity, but in reality they are not". Reding has repeated this on a number of occasions, including in a newspaper article during the election campaign words. What he says reflects the reality, and apart from being very encouraging for déi Lénk, it also reflect the scale of the challenge that faces Luxembourg's anticapitalist party, which can be summed up as follows: make the political majority correspond to the social majority, open the way to a government that breaks with neoliberalism. That will involve challenging the political orientation of the LSAP and the Greens, all the more so if they are in government with the DP, and it will be a conflictual process.

It is too early to know the exact programme of a DP-LSAP-Green government - and for that matter to take full stock of the news situation where the CSV is out of power. But no one should be lulled into a false sense of security by the fact that the LSAP and the Greens outnumber the DP in the majority. The DP will be the locomotive of the government: it has a programme that corresponds to the interests of financialised capitalism and will have no qualms about applying it. Furthermore it will have the backing of the Luxembourg employers' organizations and their international supporters. All this in the context of increasing pressure from Brussels via the fiscal pact and an array of other measures to make national governments conform to neoliberal policies of austerity and structural reforms. Looking at the record of the LSAP and the Greens in the previous Parliament, it would be unwise to rely on them to resist such a front. But very necessary to point up the contradiction between the politics of the government of which they are members and the concerns of those who voted for them.

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