

8th International Conference

Contribution of KOL, Luxemburg

Contribution of the Communist Organization of Luxemburg (KOL) to the VIII. International Conference of Marxist-Leninist Parties and Organisations

The Development in the EU Small State of Luxemburg (Country Report)

The general development in Luxemburg

The development in Luxemburg has to be explained in connection with the recent capitalist world economic crisis. Whereas the world economic crisis, in the beginning of the 1990s, had no big impact on the small state, since its economic structure is less industrial and rather constitutes a service sector for EU imperialism, the recent world economic crisis in its combination with structural and financial crises and crises of the stock exchange hit Luxemburg hard. The world economic crisis reduced the space for parasites.

Whilst in the 1990s there was still an 8 or 9 % annual economic growth rate, it dropped to 0,1% in 2001; currently it is at about 1 to 2%. A rapid decrease of economic growth, declining public revenues, declining investments and declining perspectives characterize the general development in Luxemburg today.

The finance center is shaking

One expression of this crisis is the development of the Luxemburg finance center, the 8th biggest finance center in the world. The financial crisis accelerated the concentration of bank institutes all over the world, which also manifested itself in Luxemburg. Subsequent to the mergers and closings, there will be left only 169 banks of the former 220. More than 1200 (of 23,000) jobs in the finance sector were destroyed in the last two years, and this development has only just started. This is even more important as the finance center makes up more than 30% of the national income.

The introduction of the withholding tax as well as tax amnesty for tax dodgers in a couple of countries, among them Belgium and Germany, effect the finance center in a substantial way. On top of that, the crisis reduced the public revenues of the neighbor countries, which now increases the pressure on the Luxemburg finance center and strengthens its banking secrecy. The decline of the finance center has begun.

Industry is in difficulties as well

It now retaliates that the government, from the 1970ies on when the structural crisis in the steel industry (the key industry in Luxemburg for several hundred years) took place, failed to apply a policy of industrial development and diversification but developed its parasitic financial policy instead. Today industrial production makes only 10% of the Luxemburg economy as a whole. And the crisis characterizes this sector, too, as is shown by many dismissals, the reduction of jobs and rising unemployment rates. ARCELOR alone, the biggest steel company worldwide seated in Luxemburg, announced the destruction of 1000 (out of 7500) jobs next year. The slow deindustrialisation leads to structural unemployment, which is at 4,5% right now, not counting people in job creation schemes or unemployment exported via cross-border commuters.

How does the bourgeois government react to these developments?

The government seems to be surprised by the crisis-prone development and uses purposive optimism

to hide its lack of perspective. It continues to rely on a parasitic nichepolicy, but wants to turn sovereignty niches into "competence niches". Whatever that means, after all it is and stays a postbox economy in the interests of tax dodging capital, instead of a real economy for the peoples' concerns.

Cuts in social benefits ...

Beyond that the bourgeoisie reacts in a classical way. The policy of flexibilization, liberalization and privatization according to the EU-commission is the basis for cuts in social benefits, which will largely expand after the elections on June 13th. In particular, the issue of pensions will step into the fore of the social conflict.

Cuts in democratic rights ...

Another reaction to the capitalist crisis is classical as well. Next to cuts in social benefits, the government advances the policy of a reduction of democracy. The core issues of this policy are the new anti-terror laws, which rather restrict the freedom of movement of the workers and their organizations, the upgrading of the secret service, known to the people as snooper service and the equipment of the police as civil war troops. For the first time in Luxemburg, on April 17, 2003, police took action against demonstrating steelworkers, who protested against the planned destruction of jobs by ARCELOR capitalists: police helicopters in the air, water cannons and tanks on the ground, teargas and rubber bullets and the employment of a whole lot of snoopers camouflaged as journalists. New equipment will be provided, last but not least due to the fact that Luxemburg will chair the EU in the coming six months.

...and the deterioration of living conditions

The people and the workers are definitely not profiting from the parasitic policy of the government. For years, among other things, living conditions have deteriorated, which is demonstrated by an increase of traffic problems, uncontrolled urban spread and price increases. Being a small state made it possible that more than 70% of the people owned their private homes. Now, due to failed policy in the housing sector and tremendous speculations in the real estate sector, it has become impossible for common working people to buy their own private homes or just to buy land. A growing debt level of private households and an increase of poverty are further results. Alcoholism, drug problems and depressions have become public diseases, while the government considers these problems normal. It does not even attempt to tackle the solution of these problems.

Intensifying class struggle...

In recent years, after a period of relative calmness, social conflicts simultaneously accumulated in different sectors, as, for instance, the steel sector, banks, air traffic, railway, hospitals, etc.. Since the capital and finance capital, in particular, are shy like deer, the government, in order to grant "social peace" in the interest of the finance center, promoted the policy of class collaboration in the frame of the institutional Tripartite (government, capital and trade union bureaucracy) over decades. It utilized the division of the Luxemburg workers in local people, immigrants and cross border commuters. Nevertheless, an intensification of class struggle has to be reckoned with in the near future due to the intensifying policy of cutbacks in social benefits as part of the anti-worker and anti-people EU policy and the attacks of capital on the working and wage conditions as a result of the crisis. Especially after the elections on June 13th, bourgeois crisis policy will quickly evolve. We, by the way, will call to vote invalid, as there is an electoral duty by the law.

... and the growing significance of a leading revolutionary party

Because of the expected intensification in the situation of the class struggle, the growing significance of the communists must be emphasized. Party building must keep pace with the new requirements. At the end of this year, KOL will hold an organizational Conference, which has the task to give

direct orientation to the new tasks in the class struggle in Luxemburg in context with the new phenomena of capitalism-imperialism and the development of the basic contradictions in the world. All that in regard of our central aim

a socialist Luxemburg in a socialist Europe!