

Luxembourg – Political Situation

Since July 1984, the government of the grand duchy has been led by Prime Minister Jacques Santer in a coalition formed by the Christian Socialist Party and the Socialist Party. Luxembourg's political system is based primarily on consensus and consultation, so that all currents of political thought are represented. The most recent elections, held in June 1989, did not radically alter the political scene, but the three major parties lost ground to new political groups.

Although the two-party government coalition retained 40 of 60 seats in the Chamber of Deputies, both parties lost three seats, as did the Liberal opposition. Ecologists and a new party opposing inequalities in pension income reaped the lost votes. Efforts by the major parties to portray themselves as advocates of the environment did not stop votes from shifting to the ecologists; and the success of a pension action committee demonstrated that public opinion was sensitive to this disparity.

Massive immigration from Portugal and Italy has been well accepted owing to a declining birth rate and scarcity of labour after the Second World War. People from these countries are gradually becoming a permanent part of Luxembourg society.

The basic challenge facing the government is to maintain the remarkable prosperity that Luxembourg has achieved by restructuring its economy. Above all, the government wants to preserve the benefits of its tax legislation.