Grand Duchy of Luxembourg

ABOUT

...

CAPITAL:
LUXEMBOURG

NEIGHBOURING COUNTRIES:
GERMANY
BELGIUM
FRANCE

AREA:
2 586 KM^2

FORM OF GOVERNMENT:
CONSTITUTIONAL MONARCHY

LUXEMBOURG
LET'S MAKE IT HAPPEN

Grand Duchy of Luxembourg

ABOUT

...

the History of Luxembourg

The history of the Grand Duchy of Luxembourg dates back to 1815. The French emperor Napoleon Bonaparte had conquered much of Europe but his disastrous campaign against Russia in 1812 foreshadowed the end of his rule. It was against this backdrop that in 1814 the great powers of Europe met in Vienna to discuss the political reorganisation of the continent. The fortress of Luxembourg and its surroundings were to become a province and integrated into a new kingdom, the United Kingdom of the Netherlands, covering the area of Benelux today. However, Britain feared the Netherlands lacked the resources to defend the strategic fortress of Luxembourg against further French aggression. Would it not be better to annex it to Prussia? In the end, a compromise was reached: Luxembourg became a Grand Duchy, in personal union with the king of the Netherlands, while also joining the German Confederation, which deployed a Prussian garrison to guard its fortress. A new country was born.

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The Grand Duchy on a map of Western Europe

Does the history of Luxembourg not go back further?

The location of the "small castle" that was first called "Luxembourg" at the end of the 10th century © SIP

It depends on what you mean by "Luxembourg". The name had existed long before 1815, but its meaning had changed substantially.

It is first mentioned in the Latinised *Lucilinburhuc*, meaning "small castle", in a document believed to have been written in 987. Perched on a rocky outcrop, the site was easy to defend and located at a crossroads where a market was probably held. The rock bordered two existing parishes: Weimerskirch and Hollerich. Weimerskirch was at the time a vast agricultural domain with a significant population, hundreds of animals and numerous fields.

The rock and the land around it belonged to the Abbey of Saint-Maximin in Trier. Located today in Germany, the city of Trier was, in around 400, a major metropolis of the Roman Empire. In around 1000, it still dominated the region and served as its economic, cultural and religious centre.

987

A document mentioning "Luxembourg" is drafted.

c. 1100

The "County of Luxembourg" emerges.

1247

The County of Luxembourg passes to a family of Limbourg origin.

So Luxembourg wasn't a state in the Middle Ages?

Not in the modern sense of the term, and definitely not in the year 1000.

From the second half of the 10th century, the rock of Luxembourg belonged to a count. Counts were originally representatives of the king. However, in this part of Europe, between 1000 and 1100, they were claiming an increasing number of powers for themselves and centralising them around their main castle. In around 1100, most of them assumed the name of this castle. Count William thus became Count William *of Luxembourg* (1070-1129). At the same time, the counts turned these castles into their residences, extending and improving them. Progressively, they also began to bequeath their titles and manorial rights to their eldest sons, to avoid having to divide their power and privileges among several descendants. It's in this sense that we can speak of the "County of Luxembourg" from around 1100.

Over time, power was concentrated and consolidated within a specific geographical area, giving rise, in around 1300, to "territorial principalities". The County of Luxembourg was one example. As the counts concentrated their power, the strongest among them also exhibited a desire to impose it on their neighbours. The counts of Luxembourg, for example, were recognised as overlords over the counts of Vianden after 1269; until then, they had been equals. They also purchased other territories, such as a large part of the County of Chiny in the 14th century.

Despite major technological and cultural developments, local power structures remained largely unchanged between 1100 and 1795. The power of a petty lord, count or duke was defined by their respective rights, such as the right to levy taxes or administer the law. Generally, a count shared his rights with other lords over a given area. Thus, the count of Luxembourg held the right to administer high justice in Mersch or Larochette, while minor local lords held the right to levy taxes.

When we speak of the "County of Luxembourg", we are using it as shorthand for all the lands that belonged to the counts of Luxembourg. In the 13th century, these included, in addition to the County of Luxembourg itself, the neighbouring Counties of Laroche and Durbuy, and the Marquisate of Arlon. From the 14th century, the counts of Luxembourg acquired other lands that were even further away.

In 1354, the name "Luxembourg" took on a new meaning, referring henceforth to a duchy. This change of status gave the former counts higher ranking within the empire, as well as unifying adjacent lands in the region under the same name.

1308

A count of Luxembourg is elected as head of the Holy Roman Empire.

1349

One third of the population dies from the plague.

1354

The territories of the count are unified under a duchy.

The coat of arms of the medieval counts depicts a red lion (with outstretched tongue) on an (azure-) blue and (silver-) white background. It subsequently became the emblem of the duchy and Grand Duchy, giving its colours — red, white and blue — to today's national flag. © ANLux, XD-000004, A tomb effigy of Count Henry V of Luxembourg, in a drawing attributed to Sébastien François de Blanchart, 17th century

In the 15th century, the Duchy of Luxembourg stopped being part of a composite monarchy centred in Central Europe and was incorporated into another composite monarchy, whose political and economic centre was the towns of Flanders and Brabant.

WHAT WAS THE STATUS OF THE DUCHY OF LUXEMBOURG IN EUROPE?

The county, and later duchy, was part of larger entities. The largest political framework was the Holy Roman Empire, a vast conglomerate of principalities that stretched from Holland to Bohemia, and from the Baltic Sea to northern Italy. At the head of the empire was the emperor, elected by the powerful electors, whose main role after 1300 was that of mediator between the princes. From the 14th to the 18th century, certain counts (later dukes) of Luxembourg were elected emperor.

The other framework was that of the composite territories of the counts (later dukes) of Luxembourg. Between 1308 and 1436, the latter ruled over extensive lands in central Europe, such as Bohemia and Hungary, obtained by election or marriage. They were closely involved in the affairs of the empire. As with many noble families at the time, however, their financial situation deteriorated. At the same time, the dukes of Burgundy, a younger branch of the French royal house of Valois, extended their power in the Low Countries by acquiring the enormously rich County of Flanders. Philip the Good (1396-1467), in particular, was particularly adept at using his wealth to buy neighbouring territories, not least Brabant, Namur and the composite of Hainaut, Holland and Zeeland. Between 1441 and 1462, he also acquired the rights to Luxembourg.

When Charles, Philip's son, died without male issue in 1477, these Burgundian possessions, including Luxembourg, fell to the Habsburg family by marriage. That same family, by inheriting the crowns of Spain in 1506, became the most powerful in Europe. It held onto the imperial crown almost uninterruptedly until the dissolution of the Holy Roman Empire in 1806. After abdicating in 1556, Charles V divided his empire, leaving Spain and the Low Countries (including Luxembourg) to his son Philip II. After the extinction of the Spanish line of the Habsburgs in 1715, the Southern Low Countries went to the Austrian line.

Throughout this period, the Duchy of Luxembourg had its own political institutions, such as a governor, a provincial council and estates (i.e. representatives of the clergy, the nobility and the townspeople). But like other principalities in the Habsburg Low Countries, it was also subject to central authorities such as the Great Council, the States General and the governor general, who resided in Brussels.

"Burgundy, Habsburg, Spain…" Was Luxembourg governed by foreigners after 1441?

It wasn't. Until about 1441, Luxembourg was part of a composite monarchy that had been dominated since 1247 by a family of Limburg origin and was centred in central Europe, in particular Prague. Now, it became part of another composite monarchy, whose political and economic centre consisted of the cities of Flanders and Brabant. Even if the new duke of Luxembourg was in personal union the king of Spain or archduke of Austria, and resided mainly in Madrid or Vienna, the administration of the Duchy remained in Luxembourg, and communication with the monarch's other principalities was through institutions based in Brussels.

These sovereigns were regarded as legitimate princes by the Duchy's subjects, who barely even considered themselves Luxembourgers. At the time, people identified less with the place they came from or the language they spoke than with the social class to which they belonged: were they nobles, members of the clergy, burghers or peasants? Indeed, use of the term "Luxembourgish" in historical sources from the period refers exclusively to citizens of the capital.

1441

The Duchy of Luxembourg is governed by a younger branch of the Valois family.

1487

The Duchy of Luxembourg is inherited by the Habsburgs.

1500

Charles V of Habsburg is born and given the title "duke of Luxembourg".

What was the interest in governing Luxembourg? Has Luxembourg always been wealthy?

From an economic point of view, the Duchy of Luxembourg was of peripheral interest. The vast majority of its inhabitants were peasants. Agriculture was the foundation of all other economic activities and the source of income for most nobles and monasteries. If the south consisted largely of fertile land, the three quarters of the country covered by the Ardennes were wooded, sparsely populated and unsuited to agricultural development. Even the fertile lands in the south were less productive than some neighbouring regions, such as the Hesbaye, which stretched from the country of Liège to southern Brabant.

Compared to the valleys of the Meuse and the Rhine, to Brabant and not least to Flanders, the Duchy of Luxembourg was loosely urbanised and had only one medium-sized town, the capital, which had a total of around 7,000 inhabitants in around 1450. The capital had had wealthy citizens since the Middle Ages, but they were in the minority. Even in 1796, the rate of urbanisation in the region did not exceed 5.5 percent. The town of Luxembourg did, however, participate in interregional commercial networks that allowed it to export goods, such as textiles, outside the Ardennes.

Textiles are only one example of the workshops and factories that existed in the Duchy at the time. Statistics from 1811 offer an insight into pre-industrial production: in addition to the 120 tanneries (almost all of which were subsequently transformed into glove factories), the region had 13 paper mills, 194 cloth factories, two potteries, 41 locksmiths, 238 breweries, 656 mills and 89 manufacturers of potash. Iron smelting was another important activity and dispersed throughout the Duchy.

1555

Charles V shares out his possessions. The Netherlands, including Luxembourg, the Franche-Comté, the various Spanish and Italian kingdoms and the American colonies, all pass to his son Philip.

1568

The Dutch Revolt: the northern Netherlands rebels against King Philip II.

1618-1648

The Thirty Years War' and several epidemics kill at least a third of the inhabitants of the Holy Roman Empire.

The strategically located fortress of Luxembourg was extended over the centuries and adapted constantly to align with developments in military technology. The primary aim of the imposing ring of fortifications was to keep enemy artillery away from the centre. Excerpt of the map of the city of Luxembourg © KBR – Carte de cabinet des Pays-Bas levée à l'initiative du comte de Ferraris / Ferraris, Joseph-Johann-Franz ; 244 – [S.l : s.n, 1771-1778]

If it lacked wealth, was the region of political interest?

Luxembourg was of great geostrategic importance. This explains why, in the modern era, it has regularly been involved in European wars. The Dutch Revolt of 1568-1648 against Philip II only had minimal impact on the Duchy of Luxembourg, which mainly served as a place to amass troops. Like the other regions of the Holy Roman Empire, however, it was heavily affected by the Thirty Years' War (1618-1648). Raids by soldiers and epidemics ravaged the country on a regular basis. It is estimated that the Holy Roman Empire lost more than a third of its population during this conflict.

Due to their proximity to the French border, the Habsburg Low Countries were involved in virtually every conflict between the Habsburgs and France. During a clash between Charles V and King Francis I in 1544, the fortified city of Luxembourg was briefly occupied by French troops. A century later, in the Treaty of the Pyrenees (1659), Philip IV ceded the southern lands of the Duchy, including its second-largest city, Thionville, to France. As a result of Louis XIV's policy of expansion, vast tracts of the Duchy were repeatedly occupied by French troops. In 1684, the entire Duchy was conquered. It remained in the hands of the French until 1697. Shortly afterwards, it was involved in a new conflict, the War of the Spanish Succession (1701-1714).

For its Habsburg rulers, Luxembourg served above all as a buffer zone to the south and the east. For its French conquerors, it cut off Habsburg supply routes to the more densely populated parts of the Low Countries, while allowing the French to advance towards the Rhineland. For these reasons, the rulers of Luxembourg extended and improved the capital's defences over the centuries, creating an imposing ring of fortifications.

From 1598 to 1621, Habsburg archdukes Albert and Isabella reigned as joint sovereigns over the southern Netherlands and the Franche-Comté, which enjoyed independence from the Spanish crown for 23 years. Portraits of archdukes Albert and Isabelle, Frans Pourbus II, Source: Musea Brugge – www.artinflanders.be – Dominique Provost – public domain

1648

The Treaty of Westphalia ends the Thirty Years' War.

1659

The Treaty of the Pyrenees. The southern section of the duchy is ceded to France.

1684

The duchy is conquered by the armies of King Louis XIV of France.

Was this period characterised solely by war?

The 17th century's reputation as a "dark age" is not only attributable to the many wars the country endured, but also by a slight cooling of the climate, which led to a drop in agricultural yields, and by the recurrent threat of plague.

Nevertheless, the period is also characterised by rising literacy rates, as shown in the growing number and variety of documents that remain from the period. In Luxembourg, the founding of a Jesuit college in the capital gave education a significant boost. Some of the country's most sumptuous buildings still in existence today — such as the Jesuit church (now the nave of the Cathedral), the governor's palace (now the Ministry of Foreign and European Affairs), and the Renaissance castle in Beaufort — were also built in the 17th century.

The 1714 was followed by a period of peace. It wasn't until 1792 that war struck again, when in 1794-95, the young French Republic conquered most of the Low Countries, including Luxembourg.

1714

The duchy passes to the Austrian branch of the Habsburg family.

1772

A new road is built between Luxembourg and Brussels.

1782

Emperor Joseph II abolishes serfdom.

Why was a new country created in 1815?

To understand the creation of the Grand Duchy of Luxembourg at the Congress of Vienna in 1815, we need to go back to the French conquest of 1795. In 1789, revolution had broken out in Paris, leading to an entirely new political system. The French Republic felt threatened by the empire and declared war on it; in turn, Prussia declared war on France. To the surprise of many, the republic not only repelled its aggressors, but succeeded in conquering the regions on its borders as well.

Thus, the Duchy of Luxembourg was conquered in 1795 and the land integrated into the French Republic. It was a momentous year in the country's development. Everything was abolished: the nobility, the Church, the estates, the guilds, the seigniorial justice system and serfdom, as well as the commons and the collective rights of the villagers. Every inhabitant became a citizen with equal rights, even if the voting system restricted political participation to affluent men. The former Duchy of Luxembourg was divided across three new departments, including the Département des Forêts (Forests Departement), the largest. In 1804, these departments were integrated into the French Empire. For 20 years, there was no political entity with the name "Luxembourg" outside the city itself.

After the fall of Napoleon, the Congress of Vienna (1814-1815) reorganised the map of Europe in the image of the victors. The former Duchy of Luxembourg was to be part of a new United Kingdom of the Netherlands together with the rest of the former Habsburg Low Countries, the former Prince-Bishopric of Liège and the former Dutch Republic. This new state was to be governed by William I, king of the Netherlands, who would thus be rewarded for the role he had played in the coalition against Napoleon. Luxembourg was to be given to him explicitly in compensation for lands he had ceded to Prussia. However, the British feared the Dutch lacked the necessary military resources to defend the new state, and Prussia was keen to have control over the fortress. The powers opted for a compromise: Luxembourg would become a Grand Duchy, governed in personal union by the king of the United Kingdom of the Netherlands. It also joined the German Confederation and its fortress came under German control.

To confer more legitimacy on this new political structure, it was given the name "Luxembourg", which created an impression of continuity with the Middle Ages. Nonetheless, it was a new political entity, governed by a dynasty that had never ruled the Duchy before, and defined by new

1790

The duchy remains loyal to the monarchy during the Brabant Revolution and serves as a place for the rounding up of troops.

1795

The duchy is conquered and abolished by the French Republic.

1804

Napoleon is crowned emperor.

These two maps show how the borders of the new Grand Duchy of Luxembourg evolved. In 1815, the southern border of the ancient duchy was preserved, while in the south-west, the former Duchy of Bouillon was integrated into the Grand Duchy. In the west, the border of the Département des Forêts (shown by the green line) was maintained until 1817, after which the King-Grand Duke moved it to the north-west. In 1839, the country was divided: the western section of Luxembourg, comprising two-thirds of the country, became a Belgian province, while the rest became a Grand Duchy governed by the king of the Netherlands. The final details of this new border were not finalised until 1843.

borders. Only the southern border of the Duchy had been preserved. To the south-west, the former Duchy of Bouillon was integrated into the Grand Duchy. To the west, the border of the Département des Forêts was maintained until 1817, after which the king-grand duke moved it to the north-west. A new constitution, initially identical to that of the United Kingdom of the Netherlands, was introduced. The country had become a monarchy once more, but the local institutions of the old regime were not restored and it was reorganised in a rational way.

When did the Grand Duchy become completely independent?

On paper, the country had been independent since the creation of the Grand Duchy in 1815. In reality, autonomy was limited by the autocratic rule of the Dutch king on the one hand, and the demands of the German Confederation on the other. However, the 19th century was marked by recurring crises which, often to the great astonishment of those involved, had the effect of increasing the Grand Duchy's independence.

1830 The Southern Netherlands rebelled against William I, demanding a more liberal political system, lower taxation and greater freedom for Catholics. Luxembourg joined this Belgian Revolution, but the Prussian-controlled fortress did not. The capital thus remained under Dutch control. The Dutch tax system had led to increased food prices and, while Luxembourgers paid taxes to the central government, they received little in return, as the country had few public institutions or civil servants. After a short struggle, which largely took place in Brabant, the Southern Netherlands established the new Kingdom of Belgium, only officially recognised by William in 1839 at the signing of the Treaty of London, which also provided for the partition of Limburg and Luxembourg. The western part of Luxembourg, almost two thirds of the country, became a Belgian province; the rest, which included the fortress of Luxembourg, remained a Grand Duchy and a member of the German Confederation, governed by the king of the Netherlands. Several liberal Luxembourgish politicians, such as Jean-Baptiste Nothomb and Jean-Baptiste Thorn, remained in Belgium, where they contributed to the creation of the new state.

1867 The French emperor Napoleon III demanded the fortress of Luxembourg as compensation for his neutrality in the Austro-Prussian War of 1866. King-Grand Duke William III was willing to sell him the entire Grand Duchy for five million guilders, but, under pressure from the German Confederation, the Prussian Chancellor Otto von Bismarck refused his consent. War threatened. The episode went down in history as the "Luxembourg Crisis". In Luxembourg, the Minister of State and Council of State favoured annexation by the French, while the industrialists preferred an attachment to Belgium. The European powers met in London to defuse the situation with a treaty that stipulated the dismantling of the fortress and the neutrality of the Grand Duchy. The troops of the German Confederation withdrew. Luxembourg ceased to be a German state and took charge of its own defence.

1890 King-Grand Duke William III died without male issue. In the Netherlands, his daughter Wilhelmina succeeded him, while in Luxembourg Adolphe, duke of Nassau, took over in accordance with the order of succession in place. The Grand Duchy was now ruled by a dynasty that did not rule other territories, as Adolphe had been deposed in Nassau in 1866 during the Austro-Prussian War. Due to his advanced age, he allowed the government a great deal of leeway, which accustomed it to the exercise of power.

1815

The Grand Duchy of Luxembourg is created.

1830

The Belgian Revolution. Most people in the Grand Duchy join the cause for Belgian independence from the United Kingdom of the Netherlands.

1839

Luxembourg is divided.

The departure of the Prussian garrison from the fortress marked Luxembourg's exit from the German Confederation. From then on, the country was neutral and responsible for its own defence. Michel Engels, *Départ de la garnison prussienne*, published in *Dessins pittoresques de Luxembourg par Michel Engels 1851-1901*, Édition É. Kutter, Luxembourg: 1969.

During these international crises, foreign politicians took the key decisions. This does not mean that the inhabitants of the Grand Duchy remained passive, however. On the contrary, they participated in setting up state institutions. After the partition of Luxembourg in 1839, the ruling élite that had remained loyal to the king of the Netherlands during the Belgian Revolution (1830-1839) used this loyalty to obtain greater autonomy. Acceding to their request in 1841, King-Grand Duke William II announced Luxembourg's first constitution. It stipulated the creation of an "assembly of estates", elected on the basis of a restricted vote, paving the way for limited participation in budgetary policy. The Grand Duchy was also put in charge of its own legislation and civil service.

1848 Populations all over Europe rose up against monarchical regimes that were considered too authoritarian. February and March saw uprisings in Paris, Vienna and Berlin. The unrest spread to Luxembourg, where the gap had widened between the largely poor population and the increasingly wealthy bourgeoisie. The high cost of bread triggered acts of protest, particularly in Ettelbruck. In response, the king and the government abolished censorship of the press and established a system of municipalities with elected representatives. An elected constituent assembly drafted a new constitution based on the liberal Belgian model.

1856 King-Grand Duke William III, who was opposed to liberalism, dissolved parliament, violating the existing constitution. A new constitution, which was reactionary in spirit and restored the final say of the monarch, was declared.

1868 The constitution was amended again, this time as a compromise between the drafts of 1848 and 1856. This new constitution is still in force today, but it has been amended to such a degree that a new version more in keeping with current practice has been under preparation since 2004.

Despite this development, Luxembourg's continued existence as an independent state remained precarious. The two world wars were to compromise its survival in more than one respect.

1841

The Grand Duchy draws up its first constitutional charter.

1842

The Grand Duchy joins the German Customs Union; mining of iron ore in the south of the country.

1848

The working classes revolt; the Grand Duchy draws up a second constitution.

Was the country economically independent?

Initially, the Grand Duchy post-1815 was less well integrated into economic networks than the Département des Forêts (1795-1815) had been previously. It was closely surrounded by borders, its main roads were in poor condition and it had only one navigable river. Luxembourg remained an essentially agricultural country: sparsely populated, devoid of large urban centres, and thus relatively poor. This partly explains the tensions and uprisings of the 1830s and 1840s.

The situation changed in 1842 when the Grand Duchy joined the German Customs Union, the Zollverein. The small country thus became part of an incomparably larger economic area, which benefited its own economy: as Luxembourg slowly began to industrialise, the other countries in the customs union became a source of raw materials, export opportunities, means of transport, capital and labour. Over the next two decades, German companies such as the Stinnes group and the Gelsenkirchener Bergwerks-AG would invest heavily in Luxembourg steel.

Luxembourg's membership of the customs union also led to the introduction of social security legislation. The laws of 1904 and 1911 on sick pay, accidents at work, disability and pensions were drafted on the Prussian model so that Luxembourg's industry could not be accused of engaging in unfair competition by selling cheaper products due to employers not having to pay social security contributions.

1856

The King-Grand Duke William III stages a coup and the Grand Duchy draws up a third constitution.

1859

The Grand Duchy opens its first railway line.

1867

The Luxembourg Crisis: the Grand Duchy leaves the German Confederation.

When was Luxembourg industrialised?

Industrialisation came quickly at the end of the 19th century, but late in comparison with other regions in Western Europe. Agriculture continued to dominate the economy for some time to come: in 1871, it still employed 60 percent of the active population. Likewise, traditional factories and workshops continued to flourish. The number of tanneries continued to grow. In 1842, three glove factories employed 2,000 people, many of them women and children. Leather production continued to be Luxembourg's second most productive manufacturing sector until after the First World War.

Major changes only became apparent after 1850. Steam engines replaced water mills; blast furnaces moved from using charcoal to burning coke. The first railway lines were built between 1859 and 1867, linking the country to the main European lines.

The fastest developing industrial sector was the iron and steel industry. In 1840, Luxembourg had 13 blast furnaces. The same year, the discovery of iron ore deposits in the south of the country accelerated investment, especially in that region. However, the turning point was in 1879, when Émile Metz bought the licence for the Thomas process for the dephosphorisation of iron ore. Since Luxembourg's ore was high in phosphorus, this process allowed the country to produce high-quality cast iron and steel, which led in turn to the first integrated steelworks in the Grand Duchy. It was established in Dudelange in 1886. The number of blast furnaces increased to 47 in 1913. The expansion of the steel sector continued both inside Luxembourg and beyond, as the mining basin crossed the Grand Duchy's borders into Lorraine and Saarland. Between 1868 and 1913, the production of ore in Luxembourg increased by a factor of 10, cast iron by a factor of 25. The steel industry became the economic backbone of the country. At the same time, the number of companies shrank due to mergers and takeovers by German companies. Created from a number of mergers in 1911, ARBED was the only major steel company to remain majority-owned by Luxembourgers.

The view over the blast furnaces in Belval, Esch-sur-Alzette. Since 2015, the site has been home to the central campus of the University of Luxembourg. © National Institute for Architectural Heritage

1868

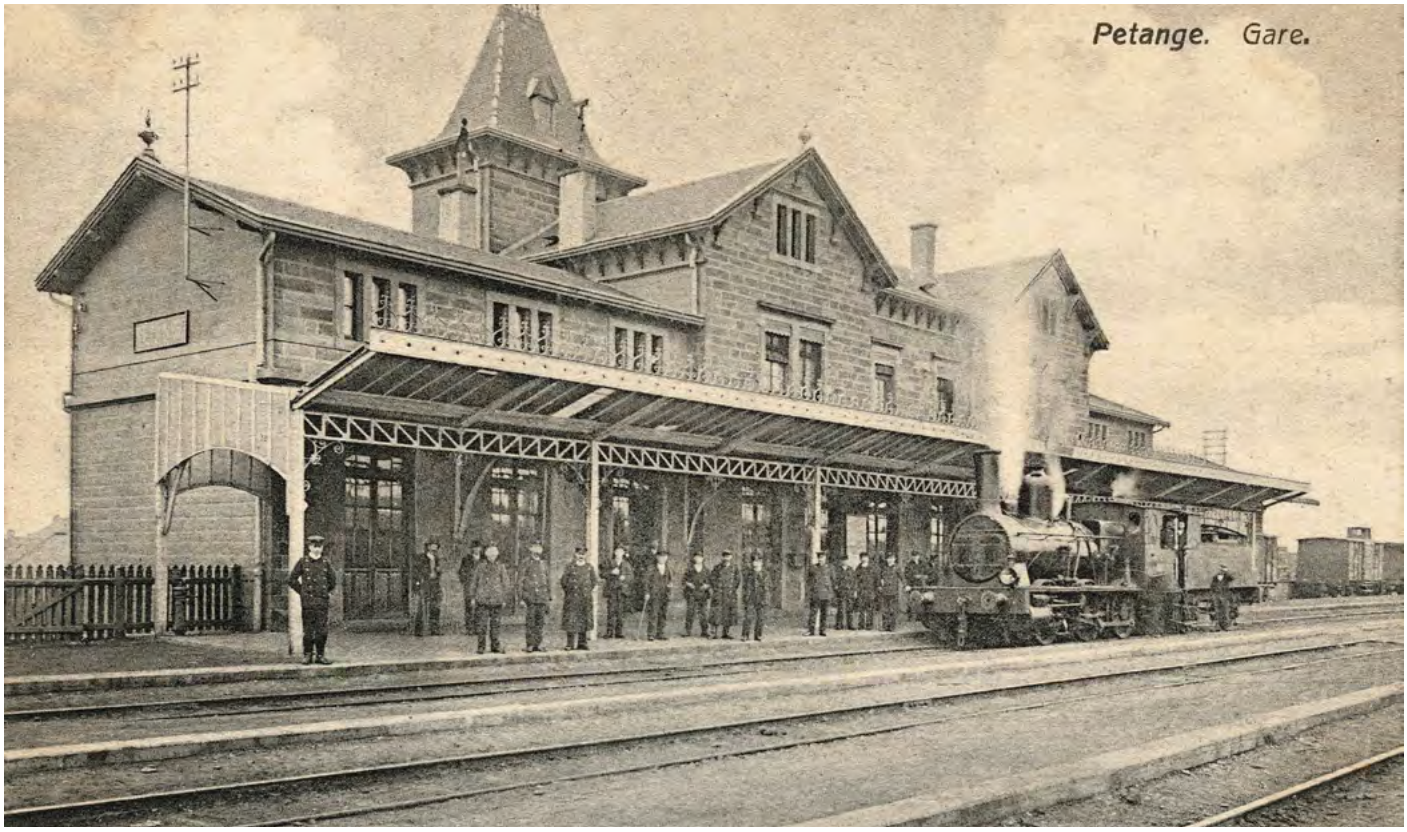
The Grand Duchy draws up a fourth constitution.

1879

Émile Metz buys a licence for the Thomas process.

1890

The King-Grand Duke William III of the Netherlands dies and Adolphe of Nassau becomes Grand Duke of Luxembourg.



The construction of the Luxembourg rail system, which opened its first line in 1859, played a key role in ending the economic isolation of the Grand Duchy. Pétange – Train Station (Date of postmark: 1909) (Postcard: 8183 J.A. Weber, phot., Pétange 468; Collection: Ed Federmeyer), Source: www.rail.lu

The development of the steel industry had a direct effect on the agricultural sector. The slag produced by the Thomas process was high in phosphorus and used as an artificial fertiliser, particularly on the low-yielding soils of the north. Agricultural production grew by 50 percent between 1880 and 1914.

The other effect of industrialisation was the rise of the working class. Social inequality remained a significant issue, even after initial social reforms, which also excluded the peasants. To give more impact to their social demands, the workers organised themselves. The first trade unions came into being just before the First World War. The Socialdemocratic Party (today Luxembourgish Socialist Workers' Party) was created in 1902 and split in 1921 when the Communist Party was created. The same year saw a major strike in the iron and steel industry, which ended in failure. The global economic crisis of the 1930s led to new demands and more successful strikes.

1911

ARBED is created and becomes Luxembourg's leading steelmaking group.

1914-1918

Luxembourg is occupied by the army of the German Empire, violating the country's neutrality.

1918-1919

The end of the First World War is marked by political crises.

Has Luxembourg always been a land of immigrants?

Migration had always played a role in the history of the Grand Duchy, but it increased with industrialisation. That said, it should not be forgotten that migration is complex and takes place from, into and within a country.

As a rural country, even after industrialisation, Luxembourg was for a long time a country of emigrants, especially after 1840. Between 1876 and 1900, 10,126 people emigrated to America, especially the United States. A total of 21,200 Luxembourgers lived in France in 1901, representing the seventh largest community of foreigners in Paris. They often worked there as craftsmen, cabinetmakers, servants and members of the French Foreign Legion. Some returned to Luxembourg after a few years. Other Luxembourgers moved to Alsace-Lorraine, a region that was then part of the German Empire; a total of 12,500 emigrants lived there in 1910. The total number of emigrants decreased slowly after 1900.

In parallel with emigration and the rise of industry, two other migratory patterns developed: immigration and migration within the country. Many Luxembourgers left the agricultural regions to settle in the cities of the mining area and the suburbs of the capital. These, and immigrants from neighbouring regions (the Belgian Ardennes, German Lorraine, Prussian Hunsrück and Eifel), comprised the industrial workforce. Many executives and technicians in the steel industry came from Germany as a result of the Zollverein. Until the Second World War, Germans represented the largest group of foreigners. They counted 8,412 (67.1 percent of foreign residents) in 1880, 14,931 (51.5 percent) in 1900 and 23,576 (42.2 percent) in 1930. Other immigrants came from further afield: Italian workers made up a quarter of foreign residents from 1900 to 1950. In 1910, 15.3 percent of the country's residents were of foreign nationality. In the long term, this proportion increased substantially.

Italian immigrants outside Café d'Italia in Dudelange in the country's south, in the "Little Italy" neighbourhood built during the late 19th century © Archives de la Ville de Dudelange – Fonds Jean-Pierre Conrardy

WHAT ROLE DID LUXEMBOURG PLAY DURING THE FIRST WORLD WAR?

Officially, Luxembourg was a neutral country. In reality, the situation was complicated. After the outbreak of the First World War in 1914, the country was invaded by the German army, which occupied it until the armistice of November 1918.

The government did protest against the violation of the country's neutrality, but was careful not to appear too hostile towards the occupying power. The Luxembourg economy was completely dependent on Germany. Moreover, everything pointed towards a German victory. The Prime Minister, Paul Eyschen, former envoy to the German government, and Grand Duchess Marie-Adélaïde, who came from an aristocratic German family, sought, therefore, a dialogue with the imperial authorities to ensure, in the event of a German victory, a form of autonomy for the Grand Duchy within the German Empire. The Grand Duchess had several meetings with Emperor William II, who had moved his headquarters to Luxembourg for a few months.

Given the close links between the Luxembourgish and German steel industries, the factories of the Grand Duchy collaborated with the occupying power, to a point that surprised even the Germans. The Allied forces, recognising the strategic importance to Germany of Luxembourg's industry and railways, bombed Luxembourg 136 times, claiming 53 deaths. At the same time, more than 1,000 Luxembourgers served in the French Foreign Legion. Many were emigrants who lived in France at the time and were acting under the social pressure exerted on German-speaking foreigners. It is not known if any Luxembourgish volunteers joined the German army.

A large percentage of the population was affected by the supply chain crisis caused by a lack of preparation, German control over supplies and the refusal of the Allies to provide food to a country considered a collaborator. This all favoured the development of a black market. The discontent of the population, especially the townspeople, was growing, as a major protest march against the monarch and government showed in January 1916. In May 1917, the workers went on strike to protest against the collapse of their purchasing power and the relentless pressure on production imposed by the war economy. They were sent back to work by the German army with the support of the workers' employers and the tacit agreement of the government.

The Allies had already criticised the country's leadership during the war, now they seriously questioned its independence. Following the armistice and the departure of the German army, the Grand Duchy was occupied by the French army until 1923. The latter repressed a new strike in 1921. In addition, social disagreement, especially between Catholic monarchists and secular republicans, led to several political crises. November 1918 saw a first and short-lived attempt at revolution, inspired

Distribution of eggs and sugar in the city of Luxembourg during the First World War, following the introduction of rationing by the government © Photothèque de la Ville de Luxembourg/ Théo Wirol

by the Russian Revolution and similar events in Germany. In January 1919, an attempt to establish a republic was prevented by French troops. To preserve the monarchy, the right-wing government urged Grand Duchess Marie-Adélaïde, who had become the symbol of collaboration, to abdicate in favour of her less controversial sister Charlotte. It also introduced an eight-hour working day to appease the workers.

Was the First World War a political turning point?

Following the armistice, Luxembourg experienced similar problems to other nations that had lost the war: social unrest, revolution, and a questioning of both the monarchy and territorial independence of the country. Despite this, both remained in place.

The independence of the Grand Duchy was preserved thanks to the hostility of certain allies to a proposed annexation by Belgium. As for the monarchy, that was confirmed by referendum in September 1919, with 78 percent of the vote in favour. Although participation in the referendum was unrestricted, it was boycotted by a large number of left-leaning voters, which tainted its outcome. Universal suffrage had been introduced under pressure from the working class and had the support of the socialists, but it also found favour with the political right because it allowed the participation of peasants and women, who were regarded as rather conservative and monarchist voters at the time. Only the liberals, whose power depended on restricted suffrage linked to property ownership, opposed it.

Following the collapse of the Zollverein under pressure from the Allies in late 1918, the end of the war marked an important economic turning point. Luxembourg suddenly found itself without an economic partner; its steel industry had lost its main market. The population wanted economic union with France, but the latter abstained in favour of Belgium. The foundation of the Belgium-Luxembourg Economic Union (UEBL) in 1921 would prove a long-term success, but its terms initially required refining. In particular, it was necessary to protect local agriculture, which was less competitive than its Belgian counterpart.

1919

Universal suffrage is introduced.

1922

The Belgium-Luxembourg Economic Union comes into force.

1937

50.7% of the population votes against the prohibition of the Communist Party in a referendum.

Did the occupation during the Second World War differ from that of the First?

Unlike their predecessors in 1914, the Grand Duchess and government left Luxembourg after Nazi Germany invaded on 10 May 1940, clearly marking their disapproval. At first, however, there were parallels with the previous war. Some institutions in Luxembourg adjusted their approach in line with a hypothetical German victory. First, they discussed the return of the Grand Duchess. Second, the government in exile did not declare war on Germany until 1942. In Luxembourg, an administrative commission replaced the government and was granted full authority by the Chamber of Deputies (Parliament) and the Council of State. The main mission of this de facto government was to preserve the sovereignty of the country. To this end, it was prepared to collaborate with Nazi Germany. The steel industry was now working for the Third Reich. During the first few months of the occupation, many Luxembourgers adopted a "wait-and-see" attitude.

What was different to the First World War was the policy of the occupying power. The country was never officially annexed, but it was integrated into the Third Reich on an administrative level. From August 1940, the Luxembourg authorities were replaced by a German civil administration. Several thousand Luxembourgers declared their support for the Third Reich, 4,000 as members of the Nazi party, some even as volunteers for the SS. However, encouraged first by the resistance of the Royal Air Force (RAF) during the Battle of Britain, then by the Soviet counter-offensive and finally by the entry into the war of the United States, the population increasingly showed its opposition to the policies of the Nazi regime: the Germanisation and Nazification of society, the persecution of opponents and compulsory military service — which was imposed on some 11,000 conscripts and introduced in Alsace and Lorraine at the same time — as well as the deteriorating standard of living.

Resistance organisations, with often very different political agendas, began to emerge. Initially limiting their activities to symbolic acts, they became more actively involved from the spring of 1943, hiding men defying conscription into the German army, for instance.

Half of Luxembourg's 4,000 Jews had fled the country on the day of the invasion. The others were trapped and subjected to the anti-Semitic policies of the Nazi regime. Listed, segregated and despoiled of their belongings by the German authorities working in collaboration with Luxembourg officials, the Jews who remained were eventually expelled from the country. By October 1941, almost 900 had succeeded in leaving German Europe. More than 800 others were deported to ghettos and extermination camps in occupied Poland. Almost all were murdered. At the time of the Liberation, there were only 70 Jews left in Luxembourg.

1940-1944

Luxembourg is occupied by the German Reich; a German civil administration is introduced.

1944

The south of Luxembourg is liberated.

1945

The north is liberated following the Battle of the Bulge.

During the Second World War, the Nazi civil administration occupied a wing of the ARBED HQ, then the biggest steelmaking company in Luxembourg. © ANLux, Collection de photographies en relation avec la Seconde Guerre mondiale

Another difference to the First World War was that this time the country was directly affected by military operations. On 9 September 1944, the first American divisions reached the Luxembourg border and liberated the country. On 16 December, however, the Germans launched a counter-offensive, the Battle of the Bulge, which, starting from Echternach, caused considerable damage in the north of Luxembourg. It was not until 22 February 1945 that Luxembourg was completely liberated. The Liberation was followed by acts of revenge against collaborators and purges of judicial and administrative officials. In total, 5,006 people were sentenced, 12 of them to death. Eight were actually executed.

Was the Second World War a political turning point?

After Liberation, the pre-war political order was essentially restored, its political institutions and personnel reinstated. The Party of the Right, renamed the Christian Social People's Party, remained the main political force. The resistance movements may have been convinced they were more legitimate than the government in exile, but they did not succeed in taking over and some of their members joined the pre-war liberals in the new Democratic Party.

Only foreign policy changed significantly. During its time in exile, the government had decided to renounce its neutrality. After the war, the country participated in the founding of several international political and military organisations, such as the United Nations (UN, 1945), the North Atlantic Treaty Organization (NATO, 1949), the Council of Europe (1949) and the Western European Union (1954). Unlike after the First World War, the sovereignty of the state was no longer contested; on the contrary, it was reinforced by the country's membership of international organisations and its integration into the Western bloc during the Cold War.

This policy of integration extended to the economy. Luxembourg accepted the Marshall Plan and joined the Organisation for European Economic Cooperation (OEEC, 1948). An alliance formed in 1944 with the Belgian and Dutch governments in exile would later become a politico-economic union of Belgium, the Netherlands and Luxembourg (Benelux). In addition, on account of its geographical location between France and Germany and its significant levels of steel production, Luxembourg became a founding member of the European Coal and Steel Community (ECSC, 1951). The country subsequently adopted a resolutely pro-European position, welcoming the Treaties of Rome (1957), Maastricht (1992) and the introduction of the euro (1999-2002). Several Luxembourgers went on to occupy important positions within the European institutions, in par-

1949

Luxembourg joins NATO, having renounced its neutral status the previous year.

1951

Luxembourg becomes a founding member of the European Coal and Steel Community, the precursor of the European Union.

1965

The city of Luxembourg becomes one of the three European capitals.

The Schengen Agreement of 1985 takes its name from a village in Luxembourg. It was signed at the crossroads of France, German and Luxembourg and came into force in 1995, leading to a European area in which the border controls of member states were abolished. © Photothèque de la Ville de Luxembourg/Jean Weyrich

View of the dynamic European quarter of Kirchberg, with in the centre the two identical towers flanking the Porte de l'Europe and on the left those of the Court of Justice of the European Union © Claude Piscitelli

ticular that of president of the European Commission (held by Gaston Thorn, Jacques Santer and Jean-Claude Juncker). The country has also skillfully defended its niche sovereignty on both a political and economic level. The population is however partially critical of the European integration project, as shown in the close result of the referendum on the European constitution in 2005 (56% for, 44% against).

The city of Luxembourg was chosen to host the headquarters of the ECSC in 1952. Since 1965, it has been one of the three European capitals alongside Brussels and Strasbourg, a status confirmed in 1992 at the Edinburgh Summit. It hosts several institutions of the former European Communities, now European Union: the European Court of Justice, the General Secretariat of the European Parliament, the European High Performance Computing Joint Undertaking (EuroHPC JU), the statistical office Eurostat, the European Investment Bank, the Publications Office of the European Union, the European Court of Auditors and European Public Prosecutor's Office. To accommodate these institutions, the city created a new quarter on the Kirchberg plateau, which was developed from 1963.

How did Luxembourg change economically after 1945?

Throughout Europe, the general climate of dazzling economic growth during the "Glorious Thirty" (1945-1974) was reflected in rising living standards. The Luxembourg government also realised that the country needed to diversify industrially. Its dependence on the steel industry was excessive and it was vital to compensate for the decline of agriculture.

The government succeeded in attracting investment from several foreign and especially US companies, such as Goodyear (1949), DuPont (1962) and Monsanto (1963). By 1970, American companies had created 6,639 new jobs in Luxembourg. The telecommunications industry became another pillar of development, even if it generated more in tax revenue than jobs. In 1929 and 1955, respectively, the state, which had held a monopoly on broadcasting, granted radio and television concessions to RTL. In 1988, Luxembourg's orbital positions were granted to the SES company.

Iron and steel production continued to grow steadily until 1974. At its peak, the sector employed nearly 25,000 people, or 17 percent of the workforce, and accounted for almost a third of the country's gross domestic product (GDP). After 1975, the industry went into decline as a result of overproduction and soaring oil prices: within a few years, production had fallen by 28 percent. Between 1970 and 2010, the steel industry's share of GDP fell from 30 percent to barely three percent. In 2002, ARBED merged with the Arcelor group, which in 2006 was incorporated into ArcelorMittal (2006).

To face the crisis of the 1970s, a tripartite coordination committee made up of employers, unions and government introduced measures to avert widespread unemployment. The state also took a gamble on the growth of the financial sector, which ensured Luxembourg economic growth after the post-war boom.

1974

The steel crisis heralds the decline of the industrial sector.

1981

The country closes its last mine.

1986

The number of employees in the banking sector overtakes that in the steel industry.

Did Luxembourg reinvent itself as a financial hub to counteract its industrial decline?

Luxembourg is known today as one of the largest financial centres in Europe. It ranks first in Europe and second in the world for the management of investment funds.

Finance first emerged as a major sector in the 1960s and '70s, before heavy industry went into decline. After the First World War, Luxembourg drew inspiration from other countries, such as Switzerland, Monaco and Panama, which had introduced advantageous tax systems for businesses and wealthy individuals. The Luxembourg law on holding companies was signed in July 1929. Its initial impact was limited due to the economic crisis that followed the stock market crash in October of the same year; the number of holding companies, including letterbox companies, came to just 345 in 1932.

The financial sector began to take off in the 1960s, when the industrial sector was still buoyant. It was powered by the economic growth of the post-war period and the launch of the eurodollar. From 1963, measures introduced at the end of the 1920s allowed Luxembourg to place itself at the centre of the eurobond market. While local banks built up expertise in this field, foreign banks opened local branches to join the lucrative market and escape stricter regulations in their home countries. By 1968, the number of holding companies had risen to 1,932, and reached 2,780 in 1971.

1995

Luxembourg celebrates its first nomination as European Capital of Culture.

1997

Luxembourg closes its last blast furnace. From now on, steel is only produced using electricity.

2003

The University of Luxembourg is founded.

Has the financial centre been a resounding success?

The financial sector has made Luxembourg one of the richest countries in the world, but it has had its share of crises.

The eurobond crisis of 1983-1988 led to the diversification of the financial sector into private banking and asset management, both of which initially benefited from banking secrecy, but only until 2005. The Panama Papers scandal of 2015 and the tax rulings affair revealed by the LuxLeaks of 2014 led to the strengthening of international regulations, as did the global financial crisis of 2008, although the direct economic impact on Luxembourg of the latter was minimal. Since 2010, Luxembourg has aligned all of its tax treaties with the international standard and since 2015, the government has strengthened its legislation against fraud and tax evasion.

These regulations have in turn supported the growth of companies offering specialised financial services, in particular the so-called Big Four, and sparked further diversification of the financial sector in favour of financial technology (FinTech), Islamic finance and green finance.

Forced to constantly renew itself to retain its international status, the sector has become something of an economic monolith: in 2021, it represented more than a third of value creation and 11.5 percent of employment (or 51,900 people). The state has therefore maintained its attempts to diversify the economy, which now focuses entirely on services.

2005

In a referendum, 56% of the population declare themselves in favour of the European constitution, although it is yet to be adopted.

2014

The Chamber of Deputies votes in favour of same-sex marriage.

What impact has the economic development of the country had on society?

Just as the industrialisation of the Grand Duchy happened late, but rapidly, its economy adapted quickly, creating a clear dependence on the service industry.

The accelerated economic growth of the country has been mirrored in an equally rapid expansion of the labour market, which has needed large numbers of workers from outside the country. Between 1970 and 2015, the majority of these immigrants came from Portugal. Their descendants have often become Luxembourgish citizens, but new immigrants continue to arrive to this day. In 2021, 14.9 percent of the population held Portuguese nationality, including those with dual citizenship, which has been permitted since 2008. The country also attracts immigrants from other countries, notably France and Belgium, as well as numerous European civil servants from all over the EU. The percentage of foreign residents rose from 26.4 percent in 1981 to 47.2 percent in 2021. While in the 1960s most immigrants were manual workers, since the 1980s they have come from all social strata.

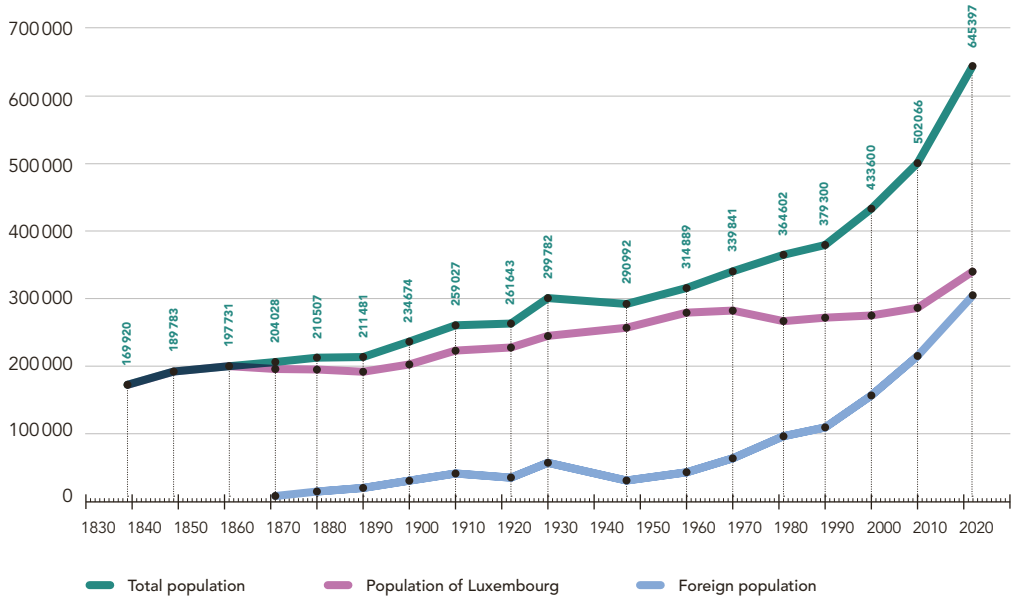
The Grand Duchy of Luxembourg is still growing economically and demographically, putting pressure on the country's infrastructure and ecology. © SIP/Gregory Molitor

Another specific feature of the local economy is that of the cross-border workers, who live in neighbouring countries and cross the border every day to work. Their number has increased every year, reaching more than 200,000 in 2019. In the day time, therefore, there are more non-nationals in Luxembourg than nationals. In 2021, the Luxembourg labour market consisted of 46% cross-border workers, 26% Luxembourg nationals, 23% residents from other EU countries and 4% nationals from outside the EU.

The result is a cosmopolitan society that works well for the affluent but generates anxiety among those not benefiting from globalisation. As in many countries in the world, economic inequality has been increasing for more than a generation and affects Luxembourgish nationals as much as immigrants and cross-border workers. These concerns were expressed during the 2015 referendum, when the government's proposal to extend the right to vote in national elections to all residents was rejected by 80 percent of the electorate.

The population of Luxembourg remains dynamic, however, and continues to enjoy one of the highest standards of living in the world. It is characterised by a high level of economic, social, linguistic and cultural diversity. Every success comes with challenges, however. The Grand Duchy of Luxembourg seeks to maintain economic growth, while ensuring a high quality of life, preserving social harmony and protecting the environment. Time will tell if it succeeds!

Evolution of the total, Luxembourgish and foreign population de 1839 à 2022



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