

*Norbert Becker**

“THE HOUSE OF LUXEMBOURG’S BRAND WILL NEVER AGAIN BE REGARDED AS SUB-STANDARD”

Non-executive chairman of Atoz and Compagnie de Banque Privée

This concept note is written in English because the future of Luxembourg will be mostly impacted by global trends. Those global trends are measured by indexes based on hard data and surveys. The note refers to some of those indexes, on the basis that “what you cannot measure, you cannot manage”. Although we agree that indexes may not entirely reflect the true picture, they give general trends and constitute an important point of reference for global decision makers. We have opted to lay out our vision as the House of Luxembourg in 2020.

In 2020, Luxembourg will be a society built on a modern constitution with a stable, reliable and democratic political system. Luxembourg will be respected by its neighbouring nations and considered as an active partner in all multilateral organisations of which it is a founding or active member.

The nation will consist of a multicultural society cohabiting on a safe territory aiming to develop sustainable and equitable societal well-being. The House of Luxembourg will respect the contribution of all those building the nation by including them at appropriate levels in the decision-making process of the House. Of 495,000 inhabitants today, 44% are of foreign origin. Of a labour force of 335,000 men and women, 150,000 are cross-border commuters. According to a study from the European Pole of Development published before the crisis, the total population of Luxembourg was estimated to grow to well over 600,000 people by 2050, with almost 550,000 jobs which would be satisfied by over 300,000 cross-border commuters. This would rank Luxembourg amongst the highest in its proportion of cross-border commuters in any labour market in Europe. This labour structure represents a formidable challenge. Infra-



Photo: David Laurent/Wide

structure, fiscal policy, social security and many other issues will have to be dealt with in an appropriate way in order to consolidate and protect this unique regional economic model in an equitable manner. It is a model which transcends its purely economic causes and effects to become a societal phenomenon. Particular attention must therefore be paid to the risk of myopic perceptions of this model that fail to take account of all the economic and societal dimensions.

The House of Luxembourg must ensure the fit of its resources with its ambitions. Land use policy needs to be based upon fact. As of today, there is a growing trend for Luxembourg residents to move outside of Luxembourg because they cannot afford housing prices. To avoid more traffic congestion, more intense air pollution and longer travel times, measures will be taken by the House of Luxembourg to increase the availability of

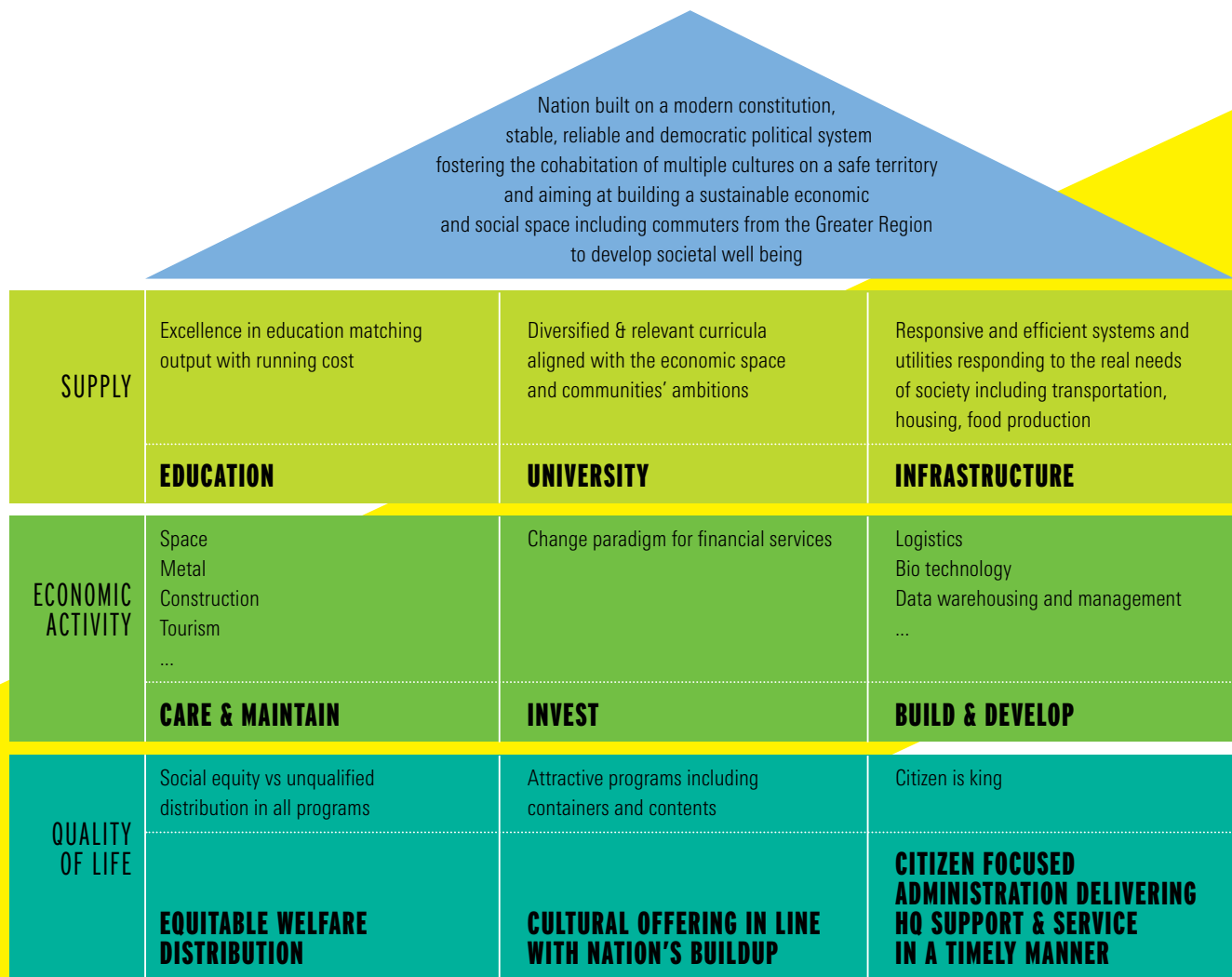
housing at affordable prices with location of new urban clusters determined according to a coherent national strategy.

By 2020, the House of Luxembourg will have improved its global competitiveness⁽¹⁾ and shall rank in the top 15 of each category that makes up the index. In 2008, Luxembourg ranked as number 12 overall, 16 in government and 17 in infrastructure⁽²⁾. Due to the crisis and its overall impact, there is a risk that Luxembourg might drop further in these categories. They are, whether we like it or not, considered by decision-makers when undertaking site (re) location studies and therefore a benchmarking against these indexes is and will remain a necessary discipline.

The House can be divided into four floors. The Society's **aspirations and governance** are at the top of the House, with what the House will

supply to Society at the next level, how, where and what will be the House's **activities** at the following level and finally as a foundation, the objectives in terms of how people feel and live in the House often referred to as **quality of life**.

The House of Luxembourg will supply **excellence in education** in matching the output with the running cost and investments⁽³⁾. Each member of Society will be giving an opportunity to complete a basic education that will open opportunities to start life with a set of skills that match the demands of the market. **The University** of the House of Luxembourg will be diversified and offer relevant curricula aligned with the economic space and the communities' ambitions. As a new and young university, it will operate on a campus, setting the model for a modern educational site built on clean technologies. The University will have entered into many partnerships with busi- } **120**



nesses and foundations and will be the catalyst for new ideas and ventures. It will have connected with other universities on a global basis and entered into several exchange programs. Luxembourg will rank amongst the 15 highest nations in terms of innovation. In 2008, Luxembourg ranked 23 on that index ⁽⁴⁾.

By 2020, the House of Luxembourg will have developed an infrastructure responding to the real needs of society. This **infrastructure** will be efficient and will include transportation systems on the territory and beyond, connecting the House of Luxembourg to the world through efficient and reliable networks both basic and technological. New technologies will bring the society of the House of Luxembourg into the global web at appropriate traffic speed. Through these technologies and the multicultural society, new businesses will have been set up.

The Technological Readiness Index will place Luxembourg amongst the top ten nations ⁽⁵⁾. Housing and territorial organisations will be respon-

sive to society's needs. The House of Luxembourg will support a prominently bio-based agriculture. The supply side of Luxembourg will create a talent magnet attracting motivated young people to use the House of Luxembourg and all of its facilities as their launch pad for their careers and fulfilment of their aspirations. The House of Luxembourg will be the platform for entrepreneurship seeking a global footprint. As demonstrated several times in the past, top talent has been attracted by the incubator model and has left its mark on a global scale.

By 2020, economic activity will be divided into three main categories. **Care and Maintain** will include our traditional export manufacturing capacities, tourism, space and related activities, as well as all local businesses supporting the needs of the House of Luxembourg. Space, for example, has been brought to a worldwide leading position through organic growth and intelligent expansion into global markets. Caring for and maintaining these activities will require that

skilled labour and appropriate infrastructure exist at competitive conditions.

The House of Luxembourg will **invest** in a significant **paradigm** change for the financial services industry. Luxembourg will be known for the most reputable brand of tax compliant, quality asset management services. When clients and other professionals think about **The Best** in asset management, the House of Luxembourg will come to mind, in the way that people think about quality watches (Switzerland), or high performance pianos (Steinway). The House of Luxembourg will invest in providing the highest security for all types of investment through appropriately designed legislation and a unique skill set, which will be provided through the university. The House will have invested in a global branding initiative, building its case on the basis of substantive changes in mindset and paradigms.

By 2020, the House of Luxembourg will **build and develop** incubators for entrepreneurs from all over the world. Several recent examples have demonstrated the value of those incubators. The Logistics platform will have been integrated and will operate as an efficient cluster. Biotechnology will have developed its research capabilities and the first patents and commercial applications will have developed. Secure data warehousing will have become an integral part of the economic activities of the House of Luxembourg. Given Luxembourg's size, specialisation in a certain number of sectors or clusters will be necessary. The State must undergo a paradigm shift and see themselves as service supplier to these sectors. Like any leading service supplier it must specialise its officers on a sector basis, to be able to adequately support each sector and defend the sector's interests on the international stage. Thus, for example, a biotech entrepreneur will deal with the biotech desk for all his administrative requirements, not with different administrations.

Quality of life and Society's well-being will be the permanent focus in a value-based society that embraces excellence, equity and sustainability in everything it undertakes.

The House of Luxembourg will have an **equitable welfare distribution system**, under the principles of social equity on the basis of each individual's contributing force. Undiscriminating

redistributions will be a thing of the past, replaced by means-tested benefits targeted at those needing them the most.

In the House of Luxembourg, a **cultural offering** will exist in line with the Nation's development. Attractive, responsive and coherent programs will include appropriate containers (concert halls, art museums, etc...) as well as content (concert and opera programs, art collections, etc...). Support of the Arts will be lauded as a civic activity and, alongside State support, will have resulted in the House of Luxembourg acquiring some notable art collections and being able to program internationally recognised events in the performing arts arena. In parallel, a thriving contemporary art scene will have developed, connected to hotbeds of talent around the world.

By 2020, the citizen in the House of Luxembourg is king. A **citizen-focused administration** will deliver high quality support and service in a timely manner. New technologies will be at the disposal of the citizen and businesses to handle all administrative tasks. Levels of bureaucracy will have been abolished to facilitate access to entrepreneurship. Value for Money will have been adopted as a governance principle for public administration. Budget and schedule overruns for infrastructure projects have disappeared through professional project management and public private partnerships based on sound governance and sharing of risks and rewards.

In 2020, the House of Luxembourg will be known for being a nation and economic space proud of its values, open to the world, ranking amongst the top 15 nations on all relevant global indexes. It will have set apart for itself a brand of excellence in everything done, produced or manufactured. Although nations and economic spaces do not formally brand themselves, more and more categorisations and rankings are taking place on a daily basis, rendering a nations brand of paramount importance. In 2020, the House of Luxembourg's brand will be pristine and will never again be regarded as sub-standard. ●

* This contribution was written with Keith O'Donnell, managing partner of Atoz.

- 1 Overall competitiveness is calculated by combining 3 factors: economic performance, government efficiency and infrastructure.
- 2 The Overall competitiveness index includes over 300 criteria, government efficiency is measured relative to public finance, fiscal policy, institutional and societal framework and business legislation. Infrastructure includes basic, technological and scientific infrastructure, health and environment as well as education.
- 3 In 2008, despite the highest cost per student of all OECD countries, and a cost more than double that of our immediate neighbours, the output of the Luxembourg education system lags both its neighbours and other comparable countries with on a number of important indicators, notably the percentage of students leaving school with a qualification eligible for university.
- 4 The Innovation Index is a measure of the adoption of new technology, and the interaction between the business and science sectors. It includes measures of the investment into research institutions and protection of intellectual property rights.
- 5 The Technological Readiness Index measures the ability of the economy to adopt new technologies. It includes measures of Information and communication technology usage, the regulatory framework with regard to ICT and the availability of new technologies to business.