

Crisis and the turn: 1918 to 1939

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The interwar years brought crisis to the industrial economy of Zug. The Social Democrats won their first seat in the town council in 1918, the year of the national general strike.¹ The spinning mills, which had been the backbone of the early industrialisation, entered a long crisis from the late 1920s.² The world economic crisis of the 1930s hit the export-oriented industries of the canton hard. In 1932, Landis & Gyr, the largest employer of the town, laid off one fifth of its workforce of more than 2,000.³ In 1938, when the canton counted 3,500 male and 1,000 female industrial workers, a government circular urged employers to remove women from the workforce in order to make room for unemployed men.⁴

It was in this context of industrial crisis that the canton took the first steps towards the fiscal policy that would transform it. In 1921 and 1930, the canton approved tax incentives.⁵ Their content and their significance form the starting point of Part B. For the present, the chronological coincidence deserves emphasis. The tax turn in Zug came out of crisis, at a time when the industries that had carried the canton for three generations were faltering and the canton was searching for new sources of employment and revenue. The decision to attract companies through low taxes was, in its origins, a response to economic vulnerability, just as the mercenary service of earlier centuries had been a response to the poverty of a small agrarian canton.

The population of the town reached 11,113 in 1930 and 14,488 in 1950, when that of the canton stood at 42,239.⁶ Industry still dominated: in 1955, 72 per cent of the working population of the town, some 10,000 people, were employed in industry and trade.⁷ Half a century later, the proportions had reversed. In 2008, 19 per cent of the working population of the town were employed in industry and 81 per cent, some 31,800 people, in services. By then, some 10,000 companies limited by shares had their seat in the town.⁸

The following parts of this book explain how that transformation came about.

1 Notes

1. HLS, "Zug (Gemeinde)": the Social Democratic Party gained its first seat in the town council in 1918. ↩
2. Wikipedia (German), "Spinnerei an der Lörze": prolonged sales crisis from the late 1920s. ↩
3. HLS, "Zug (Gemeinde)": industrial crisis in the 1920s and 1930s; in 1932 Landis & Gyr laid off one fifth of its workforce of more than 2,000. ↩
4. Zug in der Welt, "Zwischen Not und Norm": 1938 Zug statistics with 3,500 male and 1,000 female workers; a government circular of 1938 urged firms to remove women from the workforce. ↩
5. HLS, "Zug (Gemeinde)": the canton approved tax incentives in 1921 and 1930. ↩
6. HLS, "Zug (Gemeinde)": population 11,113 in 1930 and 14,488 in 1950; HLS, "Zug (Kanton)": 42,239 inhabitants in 1950. ↩
7. HLS, "Zug (Gemeinde)": in 1955, 72 per cent employment in industry and trades (10,000 workers). ↩
8. HLS, "Zug (Gemeinde)": in 2008, 19 per cent employment in industry and 81 per cent in services (31,800 workers); around 10,000 companies limited by shares in 2000 and 2010. ↩

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