

Philipp Brothers and the first commodity traders

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The arrival of the American metals trader Philipp Brothers marks the beginning of the commodity trading cluster that would become the canton's most important industry. Philipp Brothers AG was entered in the commercial register on 20 March 1957, with a capital of 500,000 francs. With Sigmund Jeselsohn as its director, the company pursued the purpose of "trade of any kind, in particular in ores, metals, metal alloys and chemicals".¹ The settlement was arranged by Charles Jucker, a business lawyer from Winterthur who practised in Zumikon and served as the sole member of the board of Philipp Brothers AG.²

Philipp Brothers, later known as Phibro, became one of the largest commodity trading companies in the world. In 1982 it employed 245 people in Zug and generated a worldwide turnover of 25 billion dollars.³ From its ranks came the trader Marc Rich, who in 1974 founded his own company, Marc Rich + Co. AG, in Zug. Renamed Glencore in 1994, the company evolved from a classical commodity trader into a mining group.⁴ Part D tells this story in detail.

Why did the traders choose Zug? A representative of the grain trader Tradax, a subsidiary of Cargill, gave an answer to a committee of the United States Congress in 1976: Zug offered a central location, ease in obtaining work permits, linguistic diversity, and Switzerland's history of economic and political stability without capital controls, together with low corporate taxes.⁵ The list is revealing. Low taxes appear last, as one factor among several. The traders needed a place from which they could manage a global business: a place with good communications, where they could bring foreign staff without bureaucratic obstacles, where they could move money freely and where the legal and political order was stable. Zug combined these features with low taxes in a combination more attractive than any of its elements taken alone.

1 Notes

1. Zug in der Welt, "Der wichtigste Wirtschaftscluster im Kanton Zug": Philipp Brothers registered on 20 March 1957 with a capital of 500,000 francs; Dr Sigmund Jeselsohn director; purpose "trade of any kind, especially with ores, metals, metal alloys and chemicals". The article "Zug mit Steuern steuern" dates the arrival of Philipp Brothers to 1956; the date of the commercial register entry is used here. ↩
2. Zug in der Welt, "Der wichtigste Wirtschaftscluster im Kanton Zug": Charles Jucker, a Winterthur-based lawyer practising in Zumikon, served as sole board member of Philipp Brothers AG; Zug in der Welt, "Zug mit Steuern steuern": Charles Jucker (1898–1977) orchestrated the settlement of Philipp Brothers in Zug. ↩
3. Zug in der Welt, "Zug mit Steuern steuern": in 1982, Phibro employed 245 persons in Zug; worldwide turnover of 25 billion dollars. ↩
4. Zug in der Welt, "Zug mit Steuern steuern": Marc Rich + Co AG founded in 1974 (renamed Glencore in 1994); Zug in der Welt, "Der wichtigste Wirtschaftscluster im Kanton Zug": Marc Rich & Co. emerged from Phibro in 1974, later evolving into Glencore AG, which transformed from a classical raw materials trader into a mining corporation. ↩
5. Zug in der Welt, "Der wichtigste Wirtschaftscluster im Kanton Zug": testimony of the Tradax/Cargill representative to a US congressional committee in 1976, citing central location, ease of work permits, linguistic diversity, and Switzerland's history of economic-political stability without capital controls and low corporate taxes. ↩

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