

Scenario 4: The squeeze

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In the fourth scenario, the world economy fragments and Swiss politics turns inward at the same time. Switzerland faces pressure from the great powers to align its sanctions, its tax policies and its financial regulation with theirs. At the same time, its voters restrict immigration and reject closer ties with the European Union. The country loses access to the European market in some sectors and becomes more vulnerable to American pressure on trade and finance. Its companies face both external barriers and internal constraints.

In this scenario, Zug is squeezed between hostile external forces and a hostile domestic environment. The commodity traders face sanctions risks abroad and restrictions on recruitment at home, which leads several to move to Dubai or Singapore. The multinational groups reduce their functions in the canton, while the crypto industry disperses. As the canton's tax revenues fall sharply, it must cut spending and perhaps raise taxes. The international community shrinks, the international schools lose pupils and the property market declines. The canton becomes more similar to other cantons of central Switzerland, with a stable but less dynamic economy.

The squeeze is the least favourable scenario for the canton. It is not the most likely, since Swiss voters have repeatedly shown their support for an open economy in key votes and because the great powers have an interest in maintaining Switzerland as a financial and trading centre. Its value lies in showing the vulnerabilities of the canton's model, since a small canton that depends heavily on a few international sectors and on the political decisions of others is exposed to shocks that it cannot control.

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