

The critics

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The success of the tax policy did not silence its critics. Those of the post-war period repeated, in new forms, the arguments of the 1920s. In 1971, the cantonal parliamentarian Werner Reich, of the nationalist party Nationale Aktion, criticised the tax privileges for enabling foreign tax flight.¹ The criticism, which thus came from the right as well as from the left, combined a concern about tax justice with a concern about foreign influence that recalls the conservative unease of Philipp Etter half a century earlier.

In 1977, a popular initiative directed against the holding of board mandates by members of the cantonal government obtained 37 per cent of the vote, a notable result that reflected unease about the proximity between the political authorities and the companies attracted by the tax policy.² The initiative failed, but it raised a question that recurs in every small jurisdiction with a large corporate sector: how to prevent the capture of the political and administrative authorities by the interests they are supposed to regulate. The history of the Zurlauben, who were magistrates and military entrepreneurs at the same time, shows that the question is an old one in Zug.

The international criticism of Zug grew from the 1980s, when the canton's association with Marc Rich, who was indicted in the United States in 1983 and lived in Zug as a fugitive from American justice until his pardon in 2001, made the canton a symbol of the abuse of Swiss neutrality and tax privileges.³ Part D examines the Rich affair and its consequences for the canton's reputation. For the history of the tax policy, its significance lies in the fact that it made Zug's tax regime a subject of international attention for the first time. The canton that had shaped its policy in a Swiss context, in competition with other cantons, now found itself judged by international standards. That experience prepared the ground for the transformation described in Chapter III.

1 Notes

1. Zug in der Welt, "Zug mit Steuern steuern": in 1971 Kantonsrat Werner Reich (Nationale Aktion) criticised tax privileges as enabling foreign tax flight. ↩
2. Zug in der Welt, "Zug mit Steuern steuern": a 1977 popular initiative opposing board mandates held by government councillors received 37 per cent support, an "Achtungserfolg" (notable success) for critics of the tax haven. ↩
3. University of Texas at Austin, Cultures Contexts, "Marc Rich and Switzerland: An Uneasy Relationship", 30 June 2013, sites.utexas.edu: indicted in the United States in 1983 on more than 50 counts of fraud, racketeering, evading income taxes and breaking US and UN trade embargoes; pardoned by President Bill Clinton on 20 January 2001. Treated in Part D. ↩

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