

The economic result

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The effects of the post-war tax policy on the economy of the canton were profound. Zug's share of Swiss national income doubled, from 1.2 per cent in 1965 to 2.5 per cent in 2005.¹ The composition of employment changed completely. In 1955, 72 per cent of the working population of the town of Zug were employed in industry and trades, whereas by 2008 81 per cent worked in services.² By the early 2020s, the commercial register of the canton listed 38,547 companies, most of them companies limited by shares or limited liability companies, compared with 217 companies of these two forms in 1950.³

The wholesale and commodity trading cluster alone employs some 25,000 people in about 2,000 companies. Its share of the cantonal economy is estimated at between 50 and 75 per cent of a gross domestic product of 22.5 billion francs in 2021.⁴ Swiss employees typically make up 50 to 60 per cent of the staff of the international trading firms.⁵ The mixed companies accounted, according to the cantonal government, for 40 to 70 per cent of the tax revenue from legal entities in 1989 and 1990.⁶

The canton has consistently ranked first in the Swiss rankings of cantonal competitiveness since the 1990s, in the indices published by Credit Suisse from 1993, by UBS from 1998 and, since 2024, in the index of the Lucerne University of Applied Sciences.⁷ Bomio, whose study of the "boom years" of Zug is the most comprehensive account of the canton's economic policy, warns against attributing this success to low taxes and luck alone. He identifies a pragmatic administration, diversification into about a dozen industry clusters, the capacity for autonomous transformation, intensive coordination between the key actors with short decision-making paths, and a continuity of policy over more than a century.⁸

1 Notes

1. HLS, "Zug (Kanton)", section on the economy: Zug's share of Swiss national income grew from 1.2 per cent in 1965 to 2.5 per cent in 2005. ↩
2. HLS, "Zug (Gemeinde)": in 1955, 72 per cent employment in industry and trades (10,000 workers); in 2008, 19 per cent in industry and 81 per cent in services (31,800 workers). ↩
3. Zug in der Welt, "Zug mit Steuern steuern": 38,547 AG/GmbH companies in 2023, a 177-fold increase from 217 in 1950. ↩
4. Zug in der Welt, "Der wichtigste Wirtschaftsknoten im Kanton Zug": the wholesale cluster comprises approximately 25,000 employees across roughly 2,000 companies; its share of the cantonal economy is estimated at between 50 and 75 per cent of Zug's GDP of 22.5 billion francs (reference year 2021); in 2023 it represented approximately 20 per cent of cantonal employment compared with 4.8 per cent nationally. ↩
5. Zug in der Welt, "Der wichtigste Wirtschaftsknoten im Kanton Zug": Swiss employees typically represent 50 to 60 per cent of the staff of international wholesale firms. ↩
6. Zug in der Welt, "Der wichtigste Wirtschaftsknoten im Kanton Zug": according to the Regierungsrat, gemischte Gesellschaften represented 40 to 70 per cent of legal entity tax revenues in 1989–1990. ↩
7. Sichtweisen Schweiz, "Wirtschaftskanton Zug": Zug consistently ranked first in Swiss economic competitiveness indices since the mid-1990s, including the Credit Suisse rankings (annually since 1993), the UBS rankings (biannually since 1998) and the KIKI index of the Lucerne University of Applied Sciences (since 2024). ↩

8. Sichtweisen Schweiz, "Wirtschaftskanton Zug": according to Gianni Bomio, low taxes and fortunate circumstances fall short as explanations; documented success factors include a pragmatic administration, resilience through diversification into about a dozen industry clusters, autonomous transformation capacity since the 1980s, institutional networking with intensive coordination and short decision-making paths, and policy continuity over more than a hundred years. Bomio's book "Boomjahre: Eine Annäherung an das Erfolgsmodell Zug" is cited there without full bibliographical details.
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