

The lobbyist and the finance director

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The failure of the 1924 law did not go unnoticed. Two men played a central role in the efforts to improve it. The first was Otto Henggeler, born in 1877, a former bank director who became head of the cantonal finance department and who considered the 1924 law insufficiently effective. The second was Eugen Keller- Huguenin, born in 1872, a corporate lawyer in Zurich who sat on twenty-two boards of directors and who pressed the government of Zug, through personal meetings and letters, to adopt more favourable legislation. In October 1924, Keller-Huguenin submitted detailed proposals for reform.¹

The constellation is instructive. The pressure for a more generous holding regime came from Zurich, from a lawyer who served the boards of companies that needed a seat for their holding structures. The addressee of that pressure was a finance director in Zug with a background in banking, who understood the argument and shared its premises. The canton's tax policy was shaped, from the start, by the interaction between the needs of the business community of the larger neighbour and the fiscal interests of the smaller canton. Zurich had the companies, the lawyers and the banks, while Zug had the power to set its own taxes. The combination of Zurich's professional services and Zug's fiscal sovereignty, which would characterise the business location for the rest of the century, was already visible in the correspondence between Keller-Huguenin and Henggeler in the 1920s.

The role of domestic companies deserves notice as well. The established industrial enterprises of the canton, including the Metallwarenfabrik and Landis & Gyr, used the debate about tax privileges to negotiate concessions of their own.² A canton that was prepared to grant favourable terms to foreign holding companies could hardly refuse to consider the tax burden of its own largest employers. The holding privilege thus had a second, less visible effect: it opened a general discussion about the taxation of

companies in the canton and strengthened the bargaining position of every company that could credibly threaten to leave.

1 Notes

1. Zug in der Welt, "Zug mit Steuern steuern": Otto Henggeler (1877–1947), finance director and banker, considered the 1924 law insufficiently effective; Eugen Keller-Huguenin (1872–1941), Zurich attorney and major proponent of tax privileges, submitted detailed reform proposals in October 1924; zentralplus, "So wurde Zug vor 100 Jahren zum Steuerparadies": Otto Henggeler, head of the finance department and former bank director, championed a business-friendly tax policy and was the primary target of lobbying; Eugen Keller-Huguenin, a Zurich corporate lawyer with 22 board mandates, pressed the Zug government through personal meetings and letters. ↩
2. zentralplus, "So wurde Zug vor 100 Jahren zum Steuerparadies": domestic firms such as Metallwarenfabrik AG and Landis & Gyr AG extracted concessions in the context of the debate on tax privileges. ↩

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