

The political economy of consent

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The tax policy of Zug was never the policy of a single party or a single government. It was sustained, across the post-war decades, by a broad consensus that included the Catholic conservatives, later the Christian Democrats, the liberals and, with reservations, parts of the left. The consensus rested on three foundations.

The first was the visible benefit to the population. The revenue from the companies allowed the canton and the communes to reduce the tax burden on all residents, including the ordinary employees, farmers and pensioners who had no connection with the international companies. The falling communal multipliers described below were the most direct expression of this benefit. A voter in Baar or Cham who saw his own tax bill fall year after year had little reason to oppose a policy that produced this result. The second was the proportional political system established by the constitution of 1894. Proportional representation gave all significant political currents a place in the cantonal parliament and, through the practice of concordance, in the government. The critics of the tax policy were represented and their arguments were heard. In response to them, the policy was adjusted at the margins without being abandoned. The consensual culture that the old federation of town and Amt had fostered and that proportional representation had modernised made the policy durable.

The third was the popular vote. Every major revision of the tax law was subject to the referendum, with several being put to the people. The voters confirmed the policy every time they were asked, thereby giving it a democratic legitimacy that critics from outside the canton found difficult to contest. The argument that the tax policy served a narrow elite was difficult to sustain against the evidence of repeated popular majorities.

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The consensus had costs. Those who did not share in the benefits, above all residents without property who faced rising rents as the canton became more attractive, had little political weight. The concentration of international companies and wealthy residents in a small territory drove up the price of land and housing, so that the canton's success became, for a part of its population, a source of hardship. This tension, which Part K examines under the heading of housing scarcity, is the modern form of the old distributive conflict between those who controlled the flow of foreign money and those who did not.

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