

Why a small canton became a crypto hub

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The rise of Zug as a centre of blockchain technology has several explanations that reinforce each other. The canton already had the fiscal and administrative features that Parts B and C described: low taxes, an administration accustomed to international companies and a commercial register that handled thousands of foundations of companies every year. Switzerland offered political stability, a reliable legal system and a financial regulator that was prepared to engage with new technologies. The foundation law of the Swiss Civil Code provided a legal form that suited the needs of projects that wished to develop open protocols without owners. Finally, the early actors of the industry, who chose Zug for personal reasons, attracted others through their presence.

What distinguished Zug from other locations with similar features was the attitude of its authorities. The town and the canton welcomed the new industry openly at a time when many governments regarded Bitcoin with suspicion, associating it with money laundering and illicit markets. The town's decision in 2016 to accept Bitcoin for the payment of certain fees, described below, was a signal of this attitude that cost little and had great symbolic value. The cantonal government, for its part, supported the development of the cluster through its economic promotion and through its contacts with the federal authorities.

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