

Why scenarios

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Forecasts of economic development over a decade are rarely accurate, as the history of Zug shows. In 1950, no one would have predicted that the canton would become the seat of the world's largest commodity trader. In 2010, no one would have predicted that it would become the centre of a crypto industry. In 2020, few expected that the Russian-linked companies of the canton would lose most of their business within two years. Scenarios offer an alternative to forecasts by describing several plausible futures, each based on a different combination of the forces of change, which allow decision-makers to test their strategies against each of them. The method was developed in strategic planning in the 1970s and is widely used by companies and governments.¹

The four scenarios in this chapter are built on two uncertainties that emerged from the analysis of Chapter I. The first is the international environment: will the world economy remain broadly open, with functioning rules for trade, investment and taxation, or will it fragment into blocs with high barriers and frequent conflicts? The second is the domestic political environment: will Switzerland and the canton maintain the political support for an open, internationally oriented economic model, or will concerns about growth, inequality and sovereignty lead to restrictions? The combination of these two uncertainties produces four scenarios, each of which is a plausible path, although reality will probably combine elements of several of them.

1 Notes

1. Wikipedia, "Scenario planning", en.wikipedia.org: scenario planning as a tool of strategy was started by Pierre Wack in 1971 at Royal Dutch Shell and gained impetus from the oil shock of 1973; Peter Schwartz, The Art of the Long View, Currency Doubleday, 1991. ↩

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