

# “We are living in a new era of power politics”

## On Switzerland's economic situation in the “Trump 2” era

by Rudolf Strahm\*



Rudolf Strahm. (Picture rudolfstrahm.ch)

*Trump's tariff hammer is hitting Switzerland hard, but not unexpectedly. Rudolf Strahm analyses the situation and calls for Switzerland's gold exports to be immediately removed from the trade balance and for a long-term rethink of trade policy in line with the new global realities.*

Trump's high “punitive tariffs” highlight the injustice of the stronger party. But they also signal the failures of Swiss politics. Now consternation and false accusations of blame follow. However, American trade protectionism and the nationalist doctrine of “Make America Great Again” are unmistakable symptoms of the economic decline of the USA.

### Trump's “punitive tariffs” – a reality that has been long in coming

When Donald Trump proclaimed “Liberation Day” for the US in the White House Rose Garden in April 2025 and presented a long list of countries subject to customs surcharges on US imports – 31 per cent for Swiss deliveries, for example – our authorities were alarmed for the first time. Previously, they had considered themselves a special case and a “special friend” of the “sister republic” of the US.

But economic policymakers had long since recalled Trump's first presidential term, when Switzerland was forced to justify its trade surplus to the US monetary authorities. And we were already aware of the government plans of the national conservative “Heritage Foundation”

last year. After Trump's election, it promised to reduce the US's astronomical trade deficit of over 1.2 trillion dollars (2024) through tariffs and a protectionist power play. But it was only after the hammer blow of “Liberation Day” that our government took the earnestness of Trump's plans seriously. Federal President Karin Keller-Sutter and Economics Minister Guy Parmelin travelled to the US and sought talks with Trump and the Treasury Department as early as May. That was a reasonable and understandable reaction. But what else could they have done?

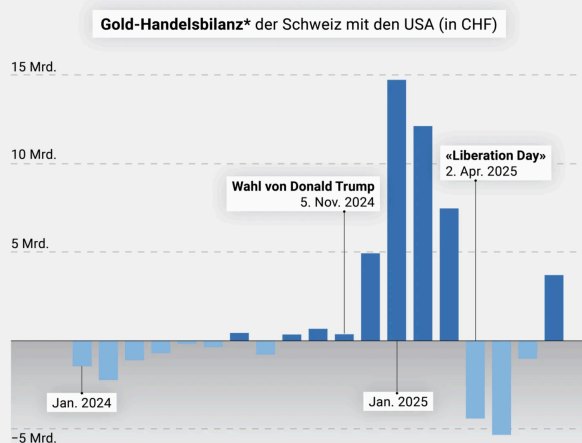
### Switzerland had ignored the “gold curse”

The main cause of Switzerland's increasing exports to the US, which had been visible before but blatantly ignored, was overlooked, namely the explosion in gold exports. These had tripled since Donald Trump's election and reached a staggering 476 tonnes of gold bars in the first half of 2025.

The federal government in Bern did not want to bother the four gold refineries and their foreign investors, nor did it want to make the gold smelting, refining and trading business a public issue. This protection of the financial centre has a long tradition. Here are the four gold traders that to-

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### Schweizer Goldexporte in die USA



Quelle: Sonntagszeitung, Swiss-ImpeX

Swiss gold exports to the USA. Switzerland's gold trade balance with the United States (in CHF).



Swiss trade surplus with the USA.  
Trade surplus: Total including gold (in CHF).

gether handle more than a third of global gold trading: *Metalor* in Neuchâtel and *Argon-Heraeus*, *Valcambi* and *MKS Pamp* in Ticino. Their hasty gold exports to the US were the main cause of the “special case of Switzerland” in terms of the exploding trade surplus from November 2024 onwards, particularly in the first half of 2025.

In the first half of 2025 alone, the four gold traders exported gold worth CHF 38 billion to the US – that is 52 per cent of the inflated total exports (CHF 72 billion). The US trade deficits with Switzerland in 2024 and 2025 were (allegedly) used as the basis for calculating Trump’s “punitive tariffs”. As in the past, gold trading has become a “gold curse”.

### Negligence in the departments

Why did the US import so many gold bars from Switzerland within such a short period of time? It was precisely the uncertainty created by Trump after his election and the fear that the dollar would fall even further. This caused demand for gold bars to skyrocket on Wall Street and among super-rich investors. In the US, it is common to trade and store gold bars weighing 1,000 grams or 100 ounces, whereas in Europe, 400-ounce bars are the standard. As a result, tonnes of gold had to be flown in from London at short notice and remelted in Switzerland for export to the US.

In Switzerland, gold bars recast to US standards are included in the goods export balance as commodities. As inquiries confirmed, no one in the Federal Department of Finance or SECO had

considered a correction, reclassification or statistical separation of gold exports. Pure gold exports could also be removed from the goods trade balance and recorded as capital movements, as is done by the *Swiss National Bank*.

An investigation by *Infosperber* editor *Urs P. Gasche* revealed that even the UN and IMF guidelines allow for certain interpretations and discretion when recording gold exports in foreign trade statistics. For example, gold is not included in the so-called economic total of foreign trade. As so-called customs processing traffic, it could also be removed from foreign trade statistics – after all, remelting does not constitute industrial value creation. With forward planning, it might have only required a quick amendment to the foreign trade statistics regulation.

This carelessness and negligence on the part of the federal bureaucracy in Bern was the beginning of the chain of events that led to the “gold curse” in the trade balance with the US. In the second half of 2025, gold exports to the US have now collapsed almost entirely (at least temporarily). The Trump administration has (temporarily?) suspended US tariffs on gold imports due to protests from investors and Wall Street. But the next time there is a currency turmoil, the game will start all over again.

*The federal bureaucracy must now take immediate action to remove gold exports from the trade balance.* This is because currency turmoil and gold export highs are to be expected in the future as well. The Federal Council could possibly also involve the National Bank in gold transfers (its monetary gold is not recorded as an export of goods). Or, if necessary, the remelting of British gold bars could be moved abroad by decree, despite protests from Ticino and Neuchâtel, and the transfers could be handled via London. Politicians would simply have to break away from the historically notorious financial centre lobbying.

### Special case of pharmaceutical exports: Roche and Novartis

So much for gold – let’s turn to pharmaceuticals: based on Trump’s statements, it must be assumed that Swiss pharmaceutical companies will play a special role and come under scrutiny. Swiss pharmaceutical exports to the US account for around half of regular goods exports to the States (excluding gold). There are indications that Big Pharma from Switzerland has been

given special consideration as a means of coercion in setting the high “punitive tariffs” for Switzerland.

The Americans are particularly targeting *No-vartis* and *Roche* because of their high drug prices and sales. According to a study by the *Rand Corporation*, all drug prices in the US are on average 2.8 times higher than the average of 33 comparable OECD countries. Brand-name drugs (original preparations) are even 4.2 times more expensive. The “*Neue Zürcher Zeitung*” estimates that US pharmaceutical prices for Swiss exporters are around two to three times higher than in Switzerland. These high prices are partly caused by the complicated liberalised US distribution system, which involves intermediaries who also skim off the top. Roche and Novartis have also generated huge profits on the US market to date and paid high licence fees into the Basel licence box (a controversial separate fund for lower tax rates on licence fees).

Following Trump’s threat to impose a 250 per cent tariff surcharge on all drug imports, Roche and Novartis were quick to confirm that they would expand their pharmaceutical production in the US with tens of billions of dollars. Until now, Trump had exempted pharmaceutical imports from “punitive tariffs” because they account for a large share of the inflation index and would visibly raise American consumer prices.

As reported by the “*Neue Zürcher Zeitung*”, the Swiss pharmaceutical association *Interpharma* is now demanding “compensation” in the form of an increase in local drug prices for Switzerland. This is despite the fact that Swiss prices for original preparations are the highest in Europe and still average nine per cent above the reference prices of the nine European comparison countries. *To date, the FOPH under Federal Councillor Elisabeth Baume-Schneider has rejected a compensatory increase in Swiss drug prices (as compensation for price pressure in the US). Pressure from Big Pharma is likely to continue in Parliament.*

### Important to know: Trump’s strategic agenda

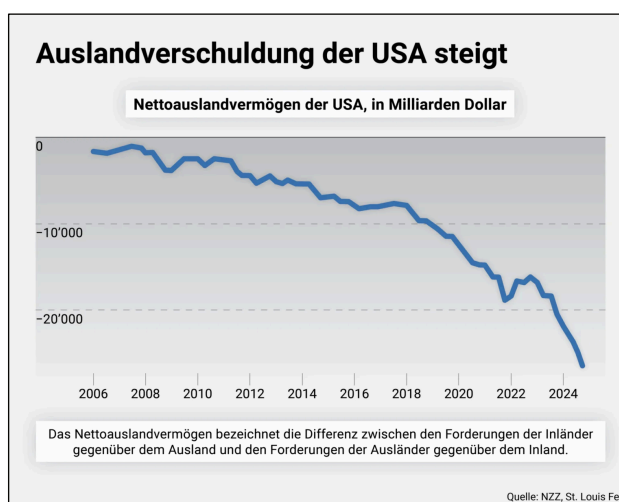
Confused journalists and annoyed politicians brand Trump’s “punitive tariffs” as populist confusion or deal chaos in the US president’s mind. This is too simplistic, self-deceptive and misleading.

Trump and his inspirers at the “Heritage Foundation” have a clear, targeted agenda. With

the populist slogan “Make America Great Again” and the resulting MAGA movement, Trump wants to correct the notoriously high and growing trade deficit, which had exceeded \$1.2 trillion by 2024. This means that the US imported over 3 billion dollars more goods per day than it exported. With China alone, the trade deficit was almost one billion dollars per day. The much-cited surplus in the US services balance (from exports by tech companies, software trade and online advertising revenue) is only a fraction of this. However, the US export surplus in services was relatively high at 30 billion dollars compared to Switzerland (by comparison: 38 billion US dollars in “not gilded” goods trade deficit with Switzerland in 2024).

The US has long been importing from all over the world on credit, according to the motto “buy today, pay later”. These imports are financed with loans and dollar investments from abroad, mainly with *Treasury bills* (government bonds in dollars) and share purchases. For years, growing foreign debt has threatened to weaken the US. To the annoyance of Wall Street, the dollar has depreciated again, and the rating agencies have downgraded the credit rating of government debt (US Treasury bills). *Trump’s strategic agenda is to curb imports through high import tariffs and to shift production from abroad back to the US. This is intended to limit foreign debt and provide additional funding for the treasury.*

Trump’s vulgar economic strategy may be understandable to certain sections of the American population: all you have to do is raise tariffs and protect domestic jobs! By way of comparison: when Swiss iron and steel works in Klus, Gerlafingen, Choindex and Rondez became loss-



US foreign debt rises.

Net foreign assets of the USA, in billions of dollars.

making in the 1990s due to cheap iron imports and had to be gradually closed down, many SMUV officials and employees asked: "Why doesn't our Federal Council simply raise import tariffs on iron and steel from Lorraine and Russia? Why isn't the Federal Council protecting us?"

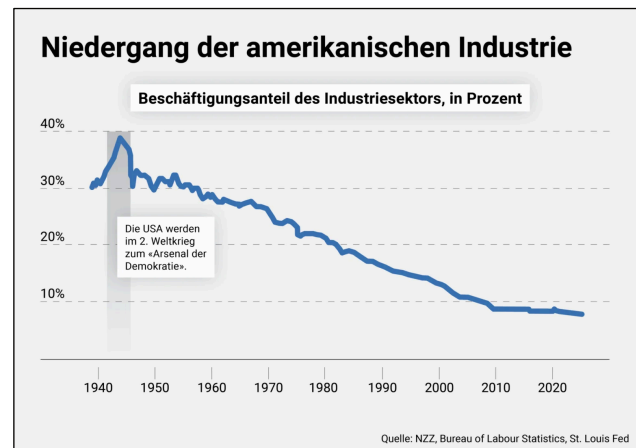
The strategy of isolationism with "punitive tariffs" is, however, an unmistakable sign of the economic decline of the USA. US industry is no longer competitive. Who still buys American cars or household appliances with a service life of two or three years?

Swiss-American expert *Claudia Franziska Brühwiler* from the University of St. Gallen explains Trump's economic compass: "Many of Trump's advisers and people in his administration belong to the school of thought known as *new conservatism*. Economic efficiency, consumption and economic growth are not their top priorities. [...] *The focus is on working citizens, who should be able to provide a good life for themselves and their families, rather than on consumers.*" ("Neue Zürcher Zeitung", 18 August 2025)

### **WTO policy and free trade dogma destroyed trade**

The global free trade regime of the *General Agreement on Tariffs and Trade* (GATT) and, from 1995, the *World Trade Organisation* (WTO), which was initiated and pushed through by the *Clinton* administration of the United States of America, and in particular the admission of China to the WTO in 2001, led to the industrial decline of the United States. Industrial tariffs were continuously reduced by the GATT and enforced worldwide through the most-favoured-nation principle. With the WTO, enforcement sanctions were added.

With increasing neoliberal hyperglobalisation (which they themselves had inspired and pushed through), the US bought more and cheaper goods from Japan, South Korea and then China. Within two decades, the smelting, steel, engineering and automotive industries in the USA were literally shredded into industrial wastelands by cheaper imports. Millions of skilled workers in industrial and automotive production were soon pushed into precarious employment and suffered social decline on an unprecedented scale. This industrial restructuring took place without social security, with only



*Decline of American industry.  
Percentage of employment in the industrial sector.*

short-term unemployment benefits, no retraining allowances and no structural policy.

The American industry (except for the protected arms industry) was literally destroyed by Asian imports. The formerly richest industrial states such as Pennsylvania, Ohio, Indiana, Michigan and Wisconsin were transformed into the "Rust Belt" and ultimately into swing states in favour of Trump.

It would be worth a separate chapter to analyse the influence of the WTO's free trade doctrine in this industrial destruction. The WTO was socially and ecologically blind. In trade conflicts, it always prioritised free trade over the labour protection conventions of the *International Labour Organisation* (ILO) (e.g. prohibition of child labour, prohibition of discrimination) and above all ecological agreements (e.g. protection of tropical timber, protection of dolphins). Uncooperative countries were punished with penalty panels and sanctions. This so-called "rules-based free trade order" of the WTO is now in tatters. Neoliberal hyperglobalisation had dismantled its inventors!

Trump's destruction of WTO rules and his foreign policy agenda is a (presumably unsuccessful) attempt to rebuild industry in the US, replace imports with domestic production and balance the balance of payments. The same national neo-conservative strategy also includes the geopolitical plan to dismantle the 750 US military bases in 80 countries – or to have other countries pay for them.

These measures to prevent the trade deficit are probably not entirely ineffective. But the "collateral damage" of Trump's tariff policy will cause it to fail: domestic inflationary effects, a shortage of skilled workers during reindustrial-



isation, circumventing trade, economic recession.

### How should we respond?

#### Strategies for Switzerland's tariffs policy

1. Instead of helpless recriminations and well-known party politics, the federal government must take short-term and immediate action to *remove gold exports from the trade balance*. Currency gold exports belong de facto in the balance of capital transactions. This is because there will continue to be currency turmoil and sudden explosions in gold exports in the future as banks, oligarchs and the super-rich seek to protect their assets. The statistical classification of gold exports can certainly be made more flexible, as described above.
2. *Tactical demands for "toughness"* against the Trump administration, for counter-tariffs or compensatory export subsidies, boycott threats and tax breaks are also *naïve or even counterproductive*. Global market policy in the context of declining and rising hegemonies cannot be addressed with moralising and petty countersanctions.
3. The 39 per cent tariff surcharges on Swiss exports are a nuisance, but they are not set for all eternity and may soon be renegotiable with an updated trade balance (shrinking gold exports, smaller trade surpluses). Therefore, the Federal Council's strategy of *renegotiating* with adjusted offers and updated statistics, and especially with *experienced negotiators*, is not pointless and certainly not counterproductive.
4. For many export companies, there is an immediate need for geographical or technological reorientation, which will be more or less painful. Domestically, the *immediate extension of short time working compensation to 24 months* is a priority to facilitate industrial adjustment. Incidentally, most of the companies affected are reacting more realistically and calmly than the association officials and their press servants!
5. The problem of pharmaceutical exports, pharmaceutical prices and the relocation of indus-

trial production to the USA have not yet been solved and, as things stand today, the possible sanctions are still unknown. The Swiss economy is a "*prisoner of the pharmaceutical industry*" (says Georges Kern, CEO of Breitling). Christoph Mäder, President of *Economiesuisse*, has so far exhausted himself in complaining, making absurd demands on the federal government in Bern to abolish the OECD minimum tax, following Trump's example. *Interpharma*, on the other hand, is calling for compensatory increases in domestic drug prices in Switzerland. At *Economiesuisse*, the big pharma companies are the highest-paying and most influential members. *Economiesuisse must first put its own house in order and hold the pharmaceutical companies themselves accountable*. It is claimed in the federal government in Bern that Roche Chairman Severin Schwan travelled with the official Swiss negotiating delegation to defend the privileges of Big Pharma. *The pharmaceutical problem is not primarily a federal problem, but first and foremost an internal management problem at Economiesuisse!*

6. We are living in a new era of power politics. Power prevails over law. We are witnessing the formation of a *tripolar power structure* with the USA, China and Russia, three hegemonic and increasingly authoritarian spheres of influence. In between is a European Union that is increasingly weak in terms of trade and economic policy. The golden age of relative peace and hyperglobalisation between 1990 and 2020, with its rules-based order, has come to an end. This requires new national strategies for Switzerland, such as the further expansion of bilateral free trade agreements with large growth markets in the global South. Even if Trump is no longer around, the old-world order will not be restored.

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