

Why Liechtenstein Offers Strong Advantages

"Everything hinges on gold. Everything depends on gold. Oh, we poor people!" - Johann Wolfgang von Goethe.



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Before we turn to Johann Wolfgang von Goethe's philosophical reflections on gold in "Faust" and then to the advantages of the Principality of Liechtenstein in terms of the significant benefits for investors in precious metals and other asset classes, let us briefly discuss the market behaviour, taking the example of precious metals, Bitcoin and other assets that have fluctuated significantly in recent weeks and months.

A well-known phenomenon suggests that significant price fluctuations often lead many investors to believe that critical information has emerged. Buyers obviously have their motivations for making purchases. However, it is essential to recognise that every purchase entails a corresponding sale. This reveals that sellers must also have reasons for their actions and that, ultimately, only genuine market activity can influence prices. When a substantial number of investors act collectively, it results in particularly pronounced market movements. Recent price changes in Bitcoin, silver, gold, some of the so-called "mag seven" stocks and other assets illustrate this point, displaying both upward and downward trends. It is the actual execution of orders, not mere theories or discussions, that drives the market. Therefore, even if investors are firmly convinced of their positions, *an asset's price will struggle to increase further unless new capital enters the market.* Naturally, information, rumours, reclassifications, and purported new developments, whether political, macroeconomic, or micro-social,

can impact asset prices. From a strictly technical standpoint, however, every price increase requires fresh capital. Without it, further gains cannot be achieved. The higher the price of an asset, the more capital has already been invested in it, indicating that ever more new capital is necessary to sustain additional price increases.

Following these additional reflections, I find Goethe's philosophical musings in Faust to resonate profoundly with a timeless sentiment regarding the intrinsic value of material wealth, particularly gold: *"Everything hinges on gold. Everything depends on gold. Oh, we poor people!"* This lament, voiced by Gretchen upon discovering jewellery left by Mephisto, highlights the societal measures of recognition and opportunity that often hinge on the possession of tangible wealth.

EMERGING FROM HUMBLE BEGINNINGS

At the time Goethe was writing Faust, Liechtenstein was a relatively impoverished nation. Approximately 90 years prior to the release of Faust, Part One, on January 23, 1719, a decree issued by Emperor Charles VI united the County of Vaduz and the Lordship of Schellenberg, elevating them to the status of an imperial principality known as Liechtenstein, under the rule of Prince Hans Adam of Liechtenstein.

Today, this small principality situated in the heart of Europe, distinguished by its economic prosperity, has emerged as a prominent jurisdiction for precious metals and other investors. Nestled between Switzerland and Austria, Liechtenstein has



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established itself as a *formidable haven* for global wealth, also thanks to its excellent asset management capabilities for private and institutional investors from around the world. The principality presents a unique amalgamation of political stability, legal certainty, a European-regulated market environment, financial independence, and cultural autonomy, attributes that are *increasingly rare* amid global volatility and institutional overreach. The political structure, economic discipline, and stringent privacy standards of Liechtenstein, and its integration with the Swiss economic framework, coalesce to create an environment conducive to long-term asset protection.

As a constitutional monarchy, Liechtenstein boasts a stable governance framework that reinforces its reputation for safeguarding private property, an ethos ingrained in the national identity and political culture over generations. This culture of security is complemented by robust macroeconomic indicators, such as an *exceptionally low unemployment rate* of merely 1.6% and the absence of national debt, which together underscore the fiscal discipline integral to the environment of stability and predictability prized by precious metals holders.

Moreover, Liechtenstein's deep economic

partnership with Switzerland enhances its appeal as an investment destination. **By sharing the Swiss franc, it anchors its monetary system to one of the world's most trusted currencies** while preserving its sovereign legislative independence. This unique combination of sovereignty and Swiss-grade monetary reliability, results in an atypical form of geopolitical insulation.

Beyond these well-recognised strengths, Liechtenstein offers further characteristics that distinguish it as a uniquely attractive environment

for precious metals and other investors. One such element is its sophisticated yet efficient regulatory architecture, which balances modern compliance requirements with a remarkable degree of entrepreneurial freedom. Unlike larger jurisdictions burdened by bureaucratic inertia, Liechtenstein's small size enables a high degree of administrative responsiveness. Investors benefit from predictable decision-making, transparent processes, and a regulatory climate that welcomes innovation rather than constrains it, all within the European financial markets regulatory framework.

This agility is particularly meaningful in the realm of physical precious metals, where the interplay of security considerations, storage requirements, and cross-border transport regulations can *significantly influence* overall investment returns. Liechtenstein's authorities have refined a framework that ensures both compliance with international standards and a practical environment for businesses that specialise in the storage, trading, and logistics of bullion. As a result, many internationally active companies have chosen the principality as a base for their European or even global operations.

Another differentiating factor is Liechtenstein's commitment to long-term economic sustainability. The principality's strategy avoids the short-term

political cycles common in many democracies, focusing instead on cultivating stable conditions over decades rather than just election periods. *The author of this article has already drawn attention to these advantages on several occasions in previous articles in this magazine.* The forward-looking orientation is evident in Liechtenstein's fiscal policies, its support for technological innovation, and its cautious approach to sovereign finances. For investors seeking a jurisdiction that protects their wealth not only during the next quarter but also for the next generation, this mindset is **invaluable**.

In terms of wealth protection, Liechtenstein benefits from its close yet independent relationship with Switzerland, allowing it to leverage the advantages of the Swiss financial system while maintaining its own legislative sovereignty. This hybrid position grants investors a unique combination of flexibility and stability. Its courts are known for efficiency and legal clarity, and property rights are respected to a degree that has become increasingly rare in larger economies where political agendas occasionally override economic rationality.

COMBINING STABILITY AND CLARITY

Additionally, Liechtenstein's cultural environment contributes to its attractiveness. The principality's long tradition of private initiative, its strong work ethic, and its emphasis on discretion create a setting in which wealth is neither celebrated nor stigmatised but regarded as a responsible tool for personal and societal development. This cultural disposition is particularly appealing to investors seeking a location where privacy is valued without secrecy becoming opaque.

Furthermore, Liechtenstein's integration into the European Economic Area (EEA) provides investors with regulatory access to the European single market *while simultaneously shielding them from the more interventionist tendencies that increasingly shape EU economic governance.* The principality's dual alignment, with Switzerland monetarily and with the EU economically, has created a stable niche that offers access without exposure, and participation without vulnerability.

In summary, Liechtenstein combines attributes that are seldom found in a single jurisdiction, such as economic independence, legal reliability, political stability, cultural continuity, administrative agility, and monetary stability. In an era characterised by geopolitical fragmentation, inflationary pressures, and the erosion of institutional trust in many countries, these qualities make the principality an *exceptional anchor point* for precious metals and other investors, as well as for anyone seeking enduring protection for their assets.

This leads me to conclude that the principality of Liechtenstein stands out as an exceptional jurisdiction for precious metals and other investments, driven by a confluence of political stability, economic stability, and legal certainty that *collectively foster a secure environment* for long-term asset protection. **EG**

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