

Banks and industry: the Basel system

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By the middle of the twentieth century, a close network of relationships connected the banks and the chemical industry of Basel. The Swiss Bank Corporation was the principal banker of the chemical companies. Bankers sat on the boards of Ciba, Geigy and Sandoz, while chemical industrialists sat on the board of the Swiss Bank Corporation. The private banks managed the fortunes of the families that owned shares in the chemical companies, among them the families that controlled Roche. The banks financed the companies' investments and acquisitions, placed their securities and handled their foreign exchange and international payments.¹

This network, which sociologists have described as part of the Swiss corporate network of the twentieth century, gave the Basel economy stability and coherence. It allowed the banks and the industry to coordinate their strategies, to support each other in crises and to resist hostile takeovers by foreign companies. It also concentrated economic power in a small circle of people and institutions and limited the influence of outside shareholders. The dissolution of this network began in the 1990s, with the globalisation of the pharmaceutical companies, the merger of the Swiss Bank Corporation into UBS and the rise of international institutional investors.

1 Notes

1. On the interlocking directorates and business relationships between the Basel banks (in particular the Swiss Bank Corporation) and the Basel chemical companies in the twentieth century, see the literature on Swiss corporate networks (e.g. the Swiss elites database of the University of Lausanne). To be verified. ↩

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