

## Basel in the Great Depression

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The Great Depression reached Basel at the beginning of the 1930s. As the collapse of world trade reduced the exports of the chemical and textile industries, unemployment rose. The silk ribbon industry, already in decline, suffered a final blow that closed many ribbon factories. The chemical industry was more resilient, thanks to its diversification into pharmaceuticals and its international structure, but it also reduced its workforce and its investments.<sup>1</sup>

The canton of Basel-Stadt responded with public works and support for the unemployed, financed by borrowing. The social democratic government of Red Basel, which took office in 1935, expanded these programmes and introduced social reforms, among them improvements in housing, education and social assistance. The cantonal bank financed part of the public investments, and the private banks and insurers bought the bonds of the canton.

The Depression also affected the banks. The Basler Handelsbank was weakened by its German exposure, as Chapter III showed. The Swiss Bank Corporation reduced its foreign business and concentrated on its Swiss clients. The private banks benefited from the inflow of flight capital, which offset some of the losses from the decline of their other business. The experience of the 1930s, in which the stability of the Swiss franc and the confidentiality of the Swiss banks attracted capital from crisis-ridden neighbours, prepared the role of Switzerland as a safe haven in the following decades.

## 1 Notes

1. On the effects of the Great Depression on the economy of Basel in the early 1930s (exports, unemployment, decline of the ribbon industry), see the literature on the economic history of Basel. To be verified. ↩

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