

## The chemical industry and the canton's tax base

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By the middle of the twentieth century, the chemical industry had become the largest source of tax revenue for the canton of Basel-Stadt. The profits of Ciba, Geigy, Sandoz and Roche were taxed by the canton and the commune, while the incomes of their employees, many of them highly paid scientists and managers, added to the revenue. The canton's finances depended to a large extent on the prosperity of a few companies.<sup>1</sup>

This dependence gave the chemical industry considerable influence over the policies of the canton. Its demands for land, infrastructure, schools and housing for its employees, and for moderate taxation, were heard by the government and parliament. Its threat, explicit or implicit, to move activities elsewhere if the conditions in Basel became unfavourable was a constant factor in cantonal politics. At the same time, the industry depended on the canton for the university, the hospitals, the transport infrastructure and the quality of life that attracted its employees.

The relationship between the canton and the industry has been described as a symbiosis, in which each depends on the other. It has also been criticised as a dependence that limits the canton's freedom of action and exposes its finances to the fortunes of a single industry. The diversification of the Basel economy, which the canton has pursued through the promotion of the life sciences cluster, of logistics, of services and of the fair and art market, is a response to this concern. Part G examines the modern relationship between the canton and the pharmaceutical industry, including the corporate tax reform of 2019 and the implementation of the global minimum tax.

## 1 Notes

1. On the share of the chemical and pharmaceutical industry in the tax revenue of Basel-Stadt in the twentieth century, see the literature on the public finances of Basel-Stadt. To be verified. ↩

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