

The devaluation of 1936

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The Swiss franc remained tied to gold throughout the early 1930s, when Britain, the United States and other countries abandoned the gold standard and devalued their currencies. Switzerland, together with France, the Netherlands, Belgium and other countries, formed the gold bloc, which maintained the gold parity of their currencies. The policy preserved the stability of the franc and the confidence of foreign depositors, but it made Swiss exports expensive and deepened the depression in the export industries, among them the chemical industry and the textile industries of Basel.¹

In September 1936, after France decided to devalue the franc, Switzerland followed and devalued the Swiss franc by about thirty per cent. The devaluation relieved the export industries and contributed to the recovery of the Swiss economy in the late 1930s.² It also showed that the stability of the franc, which was one of the foundations of the Swiss financial centre, had limits when the economic costs of maintaining it became too high.

The debate on the exchange rate of the franc would return in the twenty-first century, when the appreciation of the franc as a safe haven during the financial crisis and the euro crisis threatened the Swiss export industry. From September 2011 to January 2015, the Swiss National Bank maintained a minimum exchange rate of 1.20 francs per euro, defending it by unlimited purchases of foreign currency. It then introduced the negative interest rate that Part B mentioned.³ The pharmaceutical companies of Basel, which earn most of their revenues abroad and incur a large part of their costs in Switzerland, are directly affected by the exchange rate of the franc.

1 Notes

1. On the gold bloc (France, Switzerland, the Netherlands, Belgium, Italy, Poland) in the 1930s and its effects on the Swiss export economy,

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see the literature on the monetary history of the interwar period. To be verified. ↩

2. On the devaluation of the Swiss franc on 26/27 September 1936 by about 30 per cent, following the devaluation of the French franc, see the history of the Swiss National Bank. To be verified. ↩
3. On the minimum exchange rate of CHF 1.20 per euro (6 September 2011 to 15 January 2015) and the subsequent negative policy rate, see the publications of the Swiss National Bank. To be verified. ↩

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