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# Adjusting an institutional framework to a globalising world: the creation of new institutions in the EEC, 1957-1992

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**ABSTRACT**
This article explores the development of all new EEC institutions between 1957 and 1992 within policy areas relevant to the possible development of a European single currency. It argues that if most institutions created pre-1992 were not crisis management institutions as would be the case post-2008, some important institutions were created in response to the perception of a structural international banking/political/economic crisis, particularly in the 1970s. This comparison in time underlines the continuity of reflections about the missing elements of a functioning single currency area, the obstacles to reform, and sheds light on the radical institutional changes that occurred post-2008.

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## Policy Highlights

- The institutional response to the well-identified weaknesses of the EEC as a possible single currency area before 1992 was large in scope, but the institutions created had little executive power
- If most institutions created in the EEC before 1992 were not crisis management institutions as would be the case after 2008, some important institutions were created in response to the perception of a structural international banking/political/economic crisis, particularly in the 1970s
- The move of banking supervision to the supranational level with the Single Supervisory Mechanism starting in 2014 looks therefore in retrospect as European integration's biggest institutional step since the creation of the euro

## 1. Introduction

The 2008 Global Financial Crisis, and the subsequent crisis of the euro area, led to some important institutional and policy changes in the European Union (EU). In response to these crises, new EU institutions have been created: the European Financial Stability Facility (EFSF) in 2010, the European Stability Mechanism (ESM) in 2012, and the Single Supervisory Mechanism (SSM) in 2014, to name but a few.

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From a historical perspective, many of these contemporary institutional and policy developments find an echo in the period that preceded the creation of the euro. The crisis made plain the constitutional weaknesses of the euro area, but most of these weaknesses were well known before the crisis hit. Many scholars outlined the problems linked to the creation of an imperfect or "asymmetric" monetary union at Maastricht before the 2008 crisis (Bayoumi and Eichengreen 1992; Verdun 1996; Feldstein 1997). European policymakers themselves clearly outlined the limits and pitfalls of European monetary integration as it was developing, well before the Maastricht Treaty was signed. Recent historical research has indeed uncovered the richness and lucidity of the debates surrounding the monetary unification of Europe (James, Harold 2012; Mourlon-Druol 2014).

Contemporary Eurozone's constitutional weaknesses therefore relate to policy areas that were, *mutatis mutandis*, continuously debated in Europe since the creation of the European Economic Community (EEC) in 1957. Macroeconomic policy coordination, capital market integration, banking regulation and supervision, financial transfers, and the development of the common/single market were all five topics of discussion among European policymakers well before the Maastricht Treaty. One exception probably lies in the issue of dealing with high levels public debt, let alone the question of possibly mutualising national debts at Eurozone level, and would be the major difference between now and then. Debt levels among EEC member states was not really a topic of discussion before 1992, because debt levels were no real cause for concern at the time. The policy response to the well-identified weaknesses mentioned above was limited. No agreement could be found between antithetic visions of the economic and financial organisation of Europe. Disagreements often rested, as it is still the case today, on Franco-German differences, or, more broadly, on a North/South divide (Brunnermeier, James, and Landau 2016).

This observation about the continuity of reflections on how to improve the EEC's functioning as a possible single currency area is certainly not to deny major policy differences with today's discussions. For instance, when talking about capital market integration, European policymakers in the 1960s mostly talked about removing capital controls (Segré 1966; Bakker 1996). This is very different from the debates that we have seen about the Capital Markets Union since 2015 (Véron and Wolff 2016). Today's debates focus on developing cross-border investments, complementing banks' financing thanks to more developed capital markets, and increasing the access of SMEs to finance. But the point stands that European policymakers clearly made the connection between issues related to "economic union" broadly conceived, and possible future monetary integration.

This article aims to situate the development of all new institutions in the EEC over the 1957–1992 period within specific policy areas relevant to the possible development of a future European single currency. This article thus explores the institutional response to the well-identified weaknesses of the EEC as a possible single currency area mentioned above, and seeks to understand what new EEC institutions were created, what was their role, and what were their ambitions. This article argues that if most institutions created in the EEC before 1992 were not crisis management institutions as would be the case after 2008, some important institutions were created in response to the perception of a structural international banking/political/economic crisis, particularly in the 1970s. The post-1992 and post-2008 institutional set-up involves the creation of institutions with executive, regulatory, and/or enforcement powers, such the various European agencies from 1992 onwards, and more recently the EFSF, the ESM, SSM, and the Single Resolution Mechanism (SRM). By contrast, most institutions that were created before 1992 were limited in their executive, regulatory, and/or enforcement powers. However, the scope of these institutions was at times very ambitious, and some were indeed the embryo of post-1992 institutions. The most obvious case in point is the Committee of Governors, created in 1964, that gradually developed into the European Central Bank (James, Harold 2012).

The focus of this article is on the set of institutions that had the most important role in EMU-related discussions, namely, the five policy areas mentioned above, in addition to monetary cooperation. It covers the period from the signature of the Treaties of Rome in March 1957 until the signature of the Treaty of Maastricht in February 1992. The entire period is relevant from an EMU perspective. If the first official EMU project was the 1970 Werner report, discussions about improving economic and monetary relations occurred earlier than that. The Commission's Action Programme of 1962, and the Barre memorandums of 1968 and 1969, all pointed at the question of monetary integration in the EEC (Verdun 2000; Seidel 2016).

The literature analysing the creation of EEC institutions before 1992 is patchy. A first strand of writing comes from the publication of official histories supported by the most prominent EU institutions. Several volumes delve into the early years of the European Commission (Dumoulin 2007; Bussière et al. 2014; Dujardin et al. 2019). The European Investment Bank (EIB) has also published its history (Bussière, Dumoulin, and Willaert 2008), as well as the Committee of Governors of the EEC central banks (James, Harold 2012). Some other institutions have not done so, such as most notably the Council of Ministers. A second strand of research concerns the role of committees and expert groups, essentially from a political science perspective. This literature surveys the emergence, role, and functions of the various EU committees and expert groups in the 1990s, 2000s, and 2010s. It focuses on the theoretical dimension, and on providing a comprehensive account of the overall situation, rather than on detailed individual cases (Christiansen and Larsson 2007; Larsson 2003). A third strand of literature originates in research that was not supported by the institutions themselves, but remains focused on individual institutions.[1] This strand provides the largest share of publications, since it concerns many disciplines, including history, law, and political science. Using their specific disciplinary lenses, the authors of these publications have looked into some – but not all – EEC institutions created before the Maastricht Treaty. This body of literature has one important characteristic in common, namely, that it provides a rather fragmented, siloed perspective on the development of new EEC institutions between 1957 and 1992, as it looks at these institutions in isolation.

What is an institution? This article relies on American economist Douglass North's classic definition of institutions: "Institutions are the humanly devised constraints that structure political, economic and social interactions. They consist of both informal constraints (sanctions, taboos, customs, traditions and codes of conduct), and formal rules (constitutions, laws, property rights)." (North 1991, 97). The Treaty of Rome does not provide a clear-cut definition of the word. Article 4 of the Treaty describes only four bodies as "institutions": "an Assembly, a Council, a Commission, and a Court of Justice." Article 4 adds to this list "an economic and social committee" that will assist the

Commission and the Council "acting in an advisory capacity." But other articles in the Treaty of Rome mention other bodies that clearly are institutions in the most common sense of the term, including the Monetary Committee (article 105), the European Social Fund (article 123), and the EIB (article 129). Many other institutions, including advisory/consultative committees and experts groups, that were not envisaged in the Treaties of Rome, were however still based on a clear set of codified (such as an EEC directive) or uncodified (such as a press communiqué) rules. In line with North's definition, such committees and expert groups will be included in this article.[2]

What is a crisis? This article uses the word in a broad sense, namely, the perception or actual occurrence of a critical challenge to economic and political life and that may require action (D'Erman and Verdun 2018). The article does not, however, use the word crisis with the preconception that integration progresses through crises, a view that is often referred to in European studies.

This article first examines the responses provided to the policy problems outlined above in terms of the creation of actual new institutions, looking at the six policy areas mentioned above that are relevant for EMU. Second, it scrutinises the reasons explaining the creation of these particular new institutions at different moments in time. In particular, it investigates the relationship between crises and the creation of new institutions during that period. Third, it looks into the roles and functions of these institutions. Taken together, the three parts of this paper help compare and contrast the institutional responses post-2008 with the situation pre-1992, so as to shed light on the peculiarities and potential exceptionality of the creation of post-2008 institutions in response to the Global Financial Crisis.

## 2. Panorama of the institutions created between 1957 and 1992

In identifying the new institutions that have been created between 1957 and 1992 in the policy areas that are of interest for EMU, this section only includes regular institutions, and excludes all ad hoc committees created for a limited period of time to produce a report on a specific issue. Excluded from this inventory are also the administrative subdivisions, such as the specialised sub-committees or expert groups, that belong to larger institutions.[3] Furthermore, this overview only includes institutions related to economic and monetary affairs broadly speaking. As a consequence, it excludes, for example, the European Court of Auditors, European Political Cooperation (EPC, later known as the Common Foreign and Security Policy, CFSP), and Terrorism, Radicalism, Extremism and Violence Internationally (TREVI, later known as Justice and Home Affairs, JHA). Their emergence however only reinforces the point of this article, namely, that the pre-Maastricht period was an important time of creation of new institutions in the EEC. Finally, this panorama does not include EEC-oriented professional organisations, even when their creation was strongly supported by the EEC. For example, the Commission backed the creation of the European Union of Medical Specialists (EUMS) in 1958, and of the *Comité des Organisations Professionnelles de Crédit* (COC), set up in 1979, but both were professional organisations. In spite of the support of the Commission, the EUMS and the COC were primarily non-EEC non state institutions. A final point of clarification relates to the number EMU-related committees and expert groups concerned. In 1983, the Boserup Report identified 179 committees, and 471 expert groups (Boserup 1983, 17).

118 concerned the agricultural sector, 104 internal market and industrial affairs, and 88 employment, social affairs and education. Dealing in detail with each of these committees and expert groups is clearly beyond the scope of one single article.

### *Macroeconomic policy coordination*

The coordination of EEC member states' economic policies was a topic of interest for the EEC since its foundation. The French commissioner in charge of economic affairs between 1958 and 1967, Robert Marjolin, was a driving force in these debates (Warlouzet 2011; Seidel 2016). Three committees, much inspired by French planning, were created in the 1960s: the Short-Term Economic Policy Committee in 1960, and the Medium-Term Economic Policy, and Budgetary Policy Committee both in 1964. All these committees were replaced by a single one in 1974, the Economic Policy Committee (EPC). The EPC consisted of four representatives of the Commission and four representatives of each member state.[4] The Commission provided the secretariat of the EPC. Still belonging to economic coordination broadly speaking, the EEC Council of Ministers set up a Standing Committee on Employment in 1970.[5] The aim of this committee was to improve the so-called tripartite dialogue between trade unions, business representatives and government/EEC level.

### *Capital market integration*

Capital market integration was mostly dealt with in the regular committees in charge of monetary affairs – the Monetary Committee since 1958, and the Committee of Governors from 1964 – since discussions mostly centred on the liberalisation of capital movements. Unlike in other policy areas, no specific separate institution was created.

### *Financial regulation and supervision*

Efforts to establish what would be called today a European "banking union" started much earlier than is usually thought, that is, from the late 1960s (Mourlon-Druol 2016a). Several institutions supported these early efforts. A committee to coordinate the banking legislations of the then six EEC member states was created in 1969. A Banking Advisory Committee (BAC) was created in 1977, replaced in 2003 by the European Banking Committee.[6] In parallel to these EEC-centred efforts, as finance was becoming increasingly global, the banking supervisors of the six founding members of the EEC decided to set up an informal group, called the "Groupe de Contact" in 1972 (Goodhart 2011, chapter 2). The group included EEC supervisors (but they met outside of the regular EEC institutional framework), and was only informal.

In the field of securities, the European Securities Committee (ESC), established in 2001 by the European Commission as part of the new Lamfalussy architecture, took over some of the functions of the High Level Securities Supervisors Committee (HLSS) that was created in 1985 (Ferran 2004, 77; Committee of Wise Men, 2001, 29). The Council directive of 1979 coordinating the conditions for the admission of securities to official stock exchange listing, usually known as the "Admissions Directive", established a Contact Committee.[7] The 1985 Council Directive that aimed to coordinate the laws and regulations for some collective investment undertakings (the UCITS directive) established another Contact Committee.[8]

In the field of insurance, a Conference of the Insurance Supervisory Services of EC Countries was created as early as in 1957 (Bothwell 1993). A Council Directive created an Insurance Committee, gathering representatives of the member states' supervisory authorities, and chaired by the Commission, to advise the Commission in the development of legislation. The Insurance Committee first met in January 1992.[9] Both correspond, broadly speaking, to the Groupe de Contact and the BAC in the banking field (Lannoo 2001, 276).

### Financial transfers of resources

The issue of supporting the less developed areas of the EEC was a central topic from the start, as the creation of the European Investment Bank in 1958 testifies. The European Social Fund, also part of the Treaties of Rome, is the oldest of the structural funds. Shortly after this, the agreement to launch the common agricultural policy (CAP) in 1962 led to the creation of numerous committees and expert groups – 118 in 1983 according to the Boserup Report – including the European Agricultural Guidance and Guarantee Fund (EAGGF). The topic of fiscal transfers regained prominence due to the first enlargement of the EEC to Denmark, Ireland, and the UK in the early 1970s. The European Regional Development Fund (ERDF) was created in 1975 following much lobbying from Ireland and the UK in particular.

### Common and single market

The completion of the common, and then single market, probably gave birth to the largest institutional activity of the EEC/EU. If efforts to remove non-tariff barriers to trade within the EEC gained more political prominence from the mid-1980s, many committees were created before that. The 1983 Boserup Report identified no less than 104 committees and expert groups created in the sector of internal market and industrial affairs. In addition, it must be noted that the field of financial regulation mentioned above arguably overlaps with the development of the common market, since European financial regulation was emerging in the framework of the development of a common market in banking.

Further to this, since 1955, many consultative *sectoral* committees were created to promote Community-wide social dialogue. With the notable exception of the agricultural sector, mentioned in the section on financial transfer of resources, Kenner writes that many of these committees were inactive (Kenner 2003, 61). Second are the institutions related to employment (88 according to the Boserup Report), including the Advisory Committee on Vocational Training, set up in 1963 (Varsori 2004),[10] and the Advisory Committee on Safety, Hygiene and Health at Work was created in 1974.[11] A couple of agencies were also created in the 1970s related to the training of workers.

The committees and expert groups created in the framework of the implementation of the common/single market before 1992 were concerned with the implementation of directives, and the organisation of markets, for advisory purposes. In contrast, the creation of EU agencies with varying degrees of regulatory and executive powers is a post-1992 phenomenon.

### *Monetary cooperation*

Finally, monetary cooperation among EEC member states led to the creation of three institutions.[12] The Monetary Committee was enshrined in the Treaties of Rome, and created in 1958. It was replaced in 1999 by the Economic and Financial Committee, as planned in the Treaty of Maastricht. Two institutions were however not planned in the Treaties of Rome: the Committee of Governors, created in 1964, and the European Monetary Cooperation Fund, created in 1973.

On top of all these institutions, pulling the various EEC activities together in their intergovernmental and supranational dimensions, the European Council was created in 1974 (Mourlon-Druol 2016b; Wessels 2016). The European Council immediately became the central point of discussion on macroeconomic questions broadly conceived – inflation, currency relations, fiscal transfers, economic coordination, etc. – and has not departed from this role ever since. The European Council arguably represents the single most significant institutional change in the EEC for the period between 1957 and 1992.

## 3. Crisis-driven or policy driven?

This section explores the reasons explaining the creation of new institutions in the pre-1992 context. As was reviewed above, some of the most important institutions in the different policy areas were already enshrined in the Treaty of Rome. This was the case of the Monetary Committee (Article 105), the ESF (article 123), and the EIB in article 129. But after 1958, many new institutions have been created in the EEC, that were not anticipated in the EEC's founding charter. This section identifies three different reasons explaining the creation of these institutions: the implementation of existing policies, the need for policy planning, and the response to a perceived structural crisis that evidenced a gap in the EEC's institutional architecture.

### *Policy implementation*

In terms of numbers, the vast majority of institutions created in the EEC between 1957 and 1992 were related to policy implementation. This is not to be confused with policy or bureaucratic entrepreneurship as these new institutions were all meant to contribute to be putting into effect the dispositions of the Treaties. As mentioned in the previous section, numerous committees and expert groups were created with a view to develop the common market, employment policies, and implement the CAP. The implementation of existing policies required the creation of a new institution in order to oversee the execution of a new directive and contribute to policy debates. For instance, the Committee for the Coordination of Banking Legislations created in 1969 was part of a wider ambition to create a common market in banking, and thereby aimed to fulfil one of the aims set out in the Treaties of Rome. The creation of the Banking Advisory Committee (BAC) also fits into that logic. The three committees involved in the discussion of economic policy making (Short Term, Medium Term Economic Policy Committees, and Budgetary Committee) were also initially aimed to accompany the development of the common market (Warlouzet 2011, chapter 6).

### *Policy planning*

The development of new policies also explains the need to set up a new EEC institution. New policy developments, and the evolution of the international context, led EEC member states to venture into new areas of policy cooperation. The most obvious case in point is the ambition to create a monetary union, in particular following the Werner Report.[13] Two new institutions were created in response to the Werner Report: the EMCF, and the EPC. The 1973 decision to create the EMCF placed this new institution under the authority of the Committee of Governors.[14] The 1974 decision on economic convergence was also adopted as part of the "economic union" dimension of the Werner Report. The EPC replaced the three above-mentioned committees (Short Term, Medium Term Economic Policy Committees, and Budgetary Policy Committee).[15] The 1990 directive repealed the 1974 directive on convergence – presumably because the 1974 text no longer suited the economic thinking of the 1980s/1990s – but maintained the EPC.[16] The logic, however, remained close to that behind the subsequent Stability and Growth Pact (Heipertz and Verdun 2010).

Another relevant example is the development of an EEC regional policy. The first enlargement of the EEC to Denmark, Ireland, and the UK, as well as the prospect of monetary union contributed to revive the debate about regional policy. The Werner Report draws a clear link between monetary integration and fiscal transfers to less developed regions of the monetary union:

> "Cooperation between the partners in the Community in the matter of structural and regional policies will help to surmount these difficulties [in reaching global economic equilibrium], just as it will make it possible to eliminate the distortions of competition. The solution of the big problems in this field will be facilitated by financial measures of compensation. Economic and monetary union implies the following principal consequences: (...) regional and structural policies will no longer be exclusively within the jurisdiction of the member countries."[17]

Enlargement highlighted the heterogeneity in the levels of economic development within the EEC. The creation of the ERDF in 1975 was thus a response to the development of this new policy in the framework of EEC enlargement and monetary integration (Varsori and Mechi 2007).

### *Responses to structural crises*

Finally, the need to fill a gap in coordination at the European level motivated the creation of new EEC institutions. The Standing Committee on Employment was aimed at filling a gap by introducing tripartite dialogue (between trade unions, business representatives, and national governments) at Community level. Tripartitism was a method practised at the International Labour Organisation, but was not really favoured within the EEC, in spite of the creation of the SCE. It only regained prominence in the 1990s (Kenner 2003, 62). In some instances, responding to structural crises could be interpreted as policy spill over. For instance, the reasoning behind the harmonisation of banking regulation and supervision in the 1970s clearly followed the question of monetary integration: currency issues and the possible liberalisation of capital movements was calling for the creation of an EEC level playing field in the area of banking.

Another typical example is the need to increase cooperation among EEC member states in monetary matters. If the Treaty of Rome did envisage the creation of a Monetary Committee, this committee had a very large remit, and was in fact mostly centred on finance ministries rather than central banks. The creation of the Committee of Governors in 1964, which would become the embryo of the future European Central Bank, fits into this category (James, 2012, 37–61). More broadly, European monetary cooperation and integration – which in terms of "new institutions" includes the Committee of Governors[18] and the EMCF – can be interpreted as the EEC response to the crises of the international monetary system. The difficulties of the international monetary system in the 1960s revealed the lack of cooperation in a proper European framework, and contributed to highlight the need for the creation of a specific European institution in this policy area (James, 2012, 62–88).

The creation of the Groupe de contact in 1972 (although it was not formally linked to the EEC institutional framework) and the BAC in 1977 also reflected the wider problem of the coordination of banking supervisory authorities at the European level. In addition, depending on national traditions, supervisors were not necessarily located in central banks, which further complicated coordination efforts (because of such national idiosyncrasies the Committee of Governors could not serve that purpose, for instance). In a phone conversation that marked the starting point leading to the creation of the Groupe de Contact, Herman Baeyens, Deputy Director of the Belgian Commission Bancaire, noted that "it was a pity that there was no place where international supervisory issues could be discussed by those concerned" (quoted in Goodhart 2011, 13). This logic of filling an institutional gap in international cooperation among banking supervisors was not limited to the EEC level. It also worked at the global level as well, with the creation of the Basel Committee on Banking Supervision, a few years after the Groupe de contact, in 1975. The international banking crisis of 1974–1975, as much as international monetary turbulence over that period, contributed to highlight the need to improve the cooperation between the relevant authorities at the international level (Goodhart 2011; Schenk 2014).

Finally, one of the most prominent institutions of the EU was partly created in response to the international challenges of the 1970s, namely, the European Council (Mourlon-Druol, 2016b). The idea of organising regular meetings between EEC heads of state and government had been floated around in the late 1960s and early 1970s, with no success (Taulègne 1993; Wessels 2016). The decision to organise regular meetings among EEC heads of state and government was eventually taken in December 1974. It would go beyond the scope of this article to come back to the reasons explaining the eventual creation of the European Council. It suffices to note that from the very beginning, the European Council developed as both a crisis management and a policy planning institution. Broadly speaking, the European Council emerged in response to coordination problems at European level made plain by the rise of globalisation and its multi-faceted challenges. In that sense, a crisis of European coordination in a globalising world contributes to explain the creation of the European Council. The collapse of the

Bretton Woods system, inflation, the oil shock, the cold war, were all elements that necessitated the involvement of heads of state and government in EEC affairs. This involvement had not been originally foreseen in the Treaties of Rome.

The European Council immediately became de facto a crisis management institution, although it was formally recognised as an institution in the EU legal framework only with the Lisbon Treaty. As early as in 1975, the European Council dealt with the UK government's first threat to leave the EEC in order to renegotiate the terms of its membership (Haeussler 2015), and then with subsequent discussions about the UK's contribution to the EU budget. The European Council offered a forum where EEC heads of governments could discuss the most pressing issues of the time, such as high inflation, the energy crisis, and the rise of unemployment. The European Council also contributed to the development of new policy areas, such as most obviously monetary integration.

## 4. The roles and functions of the new EEC institutions

Most of the institutions created between 1957 and 1992 were deprived of regulatory enforcement powers. The hundreds of committees and expert groups created were consultative and advisory. Only the European Council could have executive influence, but this was due to the nature of its members, who were heads of state or government. The absence of regulatory/executive powers was probably not so much the consequence of the 1958 Meroni doctrine than a general reluctance of EEC member states to abandon their powers in as sensitive policy areas as economics and finance. New EEC institutions created between 1957 and 1992 however fulfilled three different types of functions and roles: information exchange, socialisation and advisory.

### *From information exchange to standardisation*

Since many of the new EEC institutions created between 1957 and 1992 had been set up in order to fill a gap in European coordination, the primary function of these new institutions was to allow an exchange of information among the participants. Regular consultation contributed to facilitate the implementation of directives. Following on Richard Cooper's typology of what constitutes monetary cooperation, one of the very first tasks of cooperation was simply to exchange information (Cooper 2006). "Commonly agreed actions", which would be the task that one could imagine for a new institution after a crisis, comes only at a later stage.

The exchange of information was central to the various committees involved in monetary cooperation prior to the creation of the euro. The sub-committees of both the Monetary Committee and the Committee of Governors provide the best examples. It is true that exchanging information remains a central aspect of policymaking today. But before 1992, this aspect was crucial since the basic definition of economic and monetary policy instruments differed from one EEC member states to another. To take but a few examples, the definition of monetary aggregates was not the same across all EEC members states, and the definition of what constitutes a "credit institution" (that is, in today's parlance, a bank) was also very different from one country to another. Defining what actually constitutes a "bank" was thus the first topic discussed at the first meeting of the Working Party for the Coordination of Banking Legislations in 1969.[19]

The value placed in an informal exchange of views – by contrast to a more formally constrained mechanism – was not limited to the EEC framework. This was very much the spirit of the time at the international level. The birth of the BCBS followed the same pattern, namely, filling a gap in coordination at the international level (Goodhart 2011; Drach 2016). The BCBS also privileged information exchange over more constraining models of cooperation. The BCBS thus quickly sidelined the possibility of developing a formal "early warning system" aimed at preventing a financial crisis from developing. The BCBS favoured instead informal exchange of views among national supervisors in the framework of the Committee.

Exchange of information was of course not confined to the financial world. To take but one other example in a different field, the first meetings of the Advisory Committee on Training in Nursing focused on the possibility of each member sending in information about training in each country to the Secretariat of the Committee.[20] Many similar examples could be found in the other committees related to the development of specific sectors of the common/single market.

### ***Socialisation***

Related to the need to fill a gap in European coordination, the socialisation of European elites represented an important role of these new institutions (Beyers 2010). Regardless of the extent of their actual powers – executive or advisory – all these new institutions contributed to the socialisation at the EEC level of civil servants from the different member states' national administrations involved in the discussions.

Socialisation can be broadly defined as a process of inheriting and disseminating norms, customs, ideologies, rules, providing someone with the necessary background and skills for participating as a functioning member in a given environment. According to Jeffrey Checkel it is "a process of inducting actors into the norms and rules of a given community. Its outcome is sustained compliance based on the internalisation of these new norms." (Checkel 2005, 804).

This socialisation function was importantly valued by the civil servants themselves. For example, with regard to the Conference of the Insurance Supervisory Services of EC Countries that was created in 1957, Bothwell notes that meetings of the Conference allowed to "foster personal contacts among member state supervisory officials, but did not result in formal, substantive coordination of regulatory practices among member states supervisors." (Bothwell 1993, 24). Similarly, the BAC (and the BCBS at the global level) offered an opportunity for banking supervisors to develop a greater network to discuss policy issues.

Such regular personal contacts often did not exist until new institutions were created. This is particularly the case for the highest level of EEC policymaking, that is, the European Council. Until 1974, EEC heads of state and government met only occasionally during EEC ad hoc summits, only six of which were held between 1957 and 1974. In comparison, 53 European Council meetings took place between the first one in Dublin in March 1975, and the December 1992 meeting in Edinburgh.

### *Advisory*

The third function of these new EEC institutions is self-explanatory and can be mentioned only briefly, namely, the advisory role. Many new institutions were explicitly created with advisory functions only: the Advisory Committee for Public Works Contracts, the Advisory Committee on Vocational Training, and the Advisory Committee on Equal Opportunities for Women and Men, to take a few examples.[21] In that case, the Council or Commission decision creating them clearly limited the powers of these new institutions. They contributed to EEC policymaking but without any certainty that the advice they would provide would have any impact.

### *The embryo of future institutions with executive powers?*

Finally, it is worth highlighting that some of the policymakers taking part in the creation of these new institutions placed very high hopes in these endeavours. Policymakers knew very well the limited powers of these institutions, but some of them considered these institutions as a stepping stone in developing greater capabilities over time.

Some initiatives were, however, stillborn. The European Monetary Cooperation Fund (EMCF, often referred to under its French acronym, FECOM), which was created with high ambitions, remained discreet in practise. The European Monetary Fund, envisaged at the time of the creation of the EMS, was never created. Both represented the ambition to create some sort of IMF in the EEC framework.

The discussions about harmonising banking legislations in Europe before the 1990s were also very ambitious. The governor of the Bank of England Gordon Richardson thus noted at a meeting of the Committee of Governors in 1975: "The advisory committee's [namely, the future Banking Advisory Committee] (…) task will be to harmonise the laws related to the activity of credit institutions; even if this is a long term goal, we should not wait any longer to start."[22] Interpreted in these terms, the role of this committee would thus have been akin to what is the European Banking Authority (EBA) doing today with the Single Rulebook. In the 1980s, the BAC considered again what role it could play in the future. In a 1988 reflection paper the BAC members described themselves as a potential "embryonic supervisory agency for the Community."[23]

Some other new EEC institutions created between 1957 and 1992 were more successful in the long term. The Committee of Governors held mostly exchange of views, but this was done with a view to eventually contribute to coordinate monetary policymaking. The Committee of Governor's centrality in the EEC led to its progressive transformation into the ECB (James, Harold 2012). Finally, the European Council has remained a central institution in EU decision-making. Successive treaty changes have merely formalised and further reinforced its role.

## 5. Conclusions

The 1957–1992 period witnessed the creation of a wide range of new institutions in the EEC that had not been envisaged in the Treaty of Rome. By contrast to the post-2008 period, these new institutions were, for their greatest part, set up to implement policy decisions, and develop new cooperations. Three final reflections can be made on the creation of these new EEC institutions.

First, there is no real gap in terms of the policy areas on which these new EEC institutions focused. The creation of new institutions mostly concerned the development of the single market with the numerous management/consultative committees, but monetary policy making, financial transfers, economic coordination and financial regulation, were also present.

Second, the sense of crisis between 1957 and 1992 was different in nature to the post-1992 period. Crises during the pre-1992 period concerned the stability of the international monetary/financial system, and global macroeconomic imbalances. The sense of an existential crisis was present, particularly in the 1970s with the fear of a collapse of the common market, but overcoming crises did not require the same radical solutions as post-2008. Instead, European policymakers perceived a structural international and European crisis, particularly from 1960s. In response, new institutions were created to fill gaps in European coordination. As examined above, the European Council was the prime example of this.

Third, from a historical perspective, the most notable changes between the pre-Maastricht period and the post-2008 period in terms of institutions have been accomplished in the single market, and banking regulation/supervision policy areas (Kelemen and Majone 2012; Howarth and Quaglia 2016). First, with regards to the single market, the creation of agencies with executive and regulatory powers is predominantly a post-1992 phenomenon. This contrasts with the creation of committees in the 1960s-1970s, that were aimed either at harmonising laws, or improving the exchange of information among member states. Second, although very ambitious, the plans of the 1960s for the harmonisation of banking regulation never envisaged the transfer of supervisory authority to a non-national body. Some policymakers did note that this would be the logical move to take, but refused to suggest the supranationalisation of this policy for political reasons. This remained the case until the creation of the banking union. The move of supervision to the supranational level with the creation of the SSM looks therefore in retrospect as European integration's biggest institutional and policy change since the creation of the euro.

## Notes

1. Two exceptions to this are Knudsen and Rasmussen (2008) and Rasmussen (2009), who analyse the emergence of a European political system from the 1950s until the 1980s. Both chapters however focus on few and specific institutions – the COREPER and the agricultural committees – and devote more space to review the theoretical literature.
2. As a consequence, many Working Groups are excluded from this analysis. This includes, for instance, the Working Party "Harmonisation of Monetary Policy Instruments" in the Committee of Governors.
3. This affects mostly the Committee of Governors and the Monetary Committee, which both had a number of smaller groups looking at specialised policy problems.
4. Council Decision of 18 February 1974 setting up an Economic Policy Committee (74/122/EEC).
5. 70/532/EEC: Council Decision of 14 December 1970 setting up the Standing Committee on Employment in the European Communities.
6. 2004/10/EC: Commission Decision of 5 November 2003 establishing the European Banking Committee.

7. 79/279/EEC: Council Directive of 5 March 1979 coordinating the conditions for the admission of securities to official stock exchange listing.
8. 85/611/EEC: Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).
9. 91/675/EEC: Council Directive of 19 December 1991 setting up an insurance committee. The European Insurance and Occupational Pensions Committee later replaced the Insurance Committee, following Commission Decision 2004/9/EC.
10. 63/688/EEC: Rules of the Advisory Committee on Vocational Training. Jeff Kenner, *EU Employment Law: From Rome to Amsterdam and Beyond* (Oxford: Hart Publishing, 2003), pp.8–9.
11. 74/325/EEC: Council Decision of 27 June 1974 on the setting up of an Advisory Committee on Safety, Hygiene and Health Protection at Work.
12. As well as one stillborn institution, the European Monetary Fund, envisaged when the European Monetary System was introduced in 1979, but never created.
13. The two other major cases in point, that fall beyond the scope of this article, are political cooperation (EPC), and judicial cooperation (TREVI).
14. Official Journal of the European Communities (OJEC). 05.04.1973, n° L 89 "Regulation (EEC) No 907/73 of the Council of 3 April 1973 establishing a European Monetary Cooperation Fund", p. 2–5.
15. 74/122/EEC: Council Decision of 18 February 1974 setting up an Economic Policy Committee.
16. 90/141/EEC: Council Decision of 12 March 1990 on the attainment of progressive convergence of economic policies and performance during stage one of economic and monetary union.
17. Bulletin of the European Communities. 1970, n° Supplement 11/70. Brussels: Office for Official Publications of the European Communities. "Report on the realisation by stages of economic and monetary union (8 October 1970)", p. 5–29 .
18. The Committee of Governors was set up in 1964 by a Council decision but was not formally speaking an EEC institution, although it heavily influenced the life of the EEC. 64/300/EEC: Council Decision of 8 May 1964 on cooperation between the Central Banks of the Member States of the European Economic Community.
19. This constituted indeed the very first topic of discussion of the banking coordination group in 1969 at its first meeting, see HAEC, BAC 244/1996 No.278, Compte-rendu de la première réunion du groupe de travail "coordination des législations bancaires" tenue les 23 et 24 juin 1969.
20. TNA, MH 148/1310, Note of a meeting of EEC advisory committee on training of nursing held in Brussels on 14 and 15 May 1979.
21. 71/306/EEC: Council Decision of 26 July 1971 setting up an Advisory Committee for Public Works Contracts; 82/43/EEC: Commission Decision of 9 December 1981 relating to the setting up of an Advisory Committee on Equal Opportunities for Women and Men.
22. ECB archives, Procès-verbal de la 89ème séance du comité des gouverneurs, 11 March 1975.
23. TNA, T 555/135, Commission of the European Communities, Banking Advisory Committee, Draft Future Work of the Committee, XV/78/88-EN, May 1988.

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