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Basel banking supervisors and the construction of an international standard-setter institution

Abstract

From the 1970s on, banking supervision grew in size and importance. Which were the characteristics of the regulatory elite leading this developing activity? Based on archival material from central banks and supervisory institutions and on a collective biography analysis, this chapter explores the profile of the Basel Committee on Banking Supervision members, their role in the construction of an international regulatory institution, and some of their first achievements. It shows that some Basel Committee members were well involved in transnational networks of governance, others used their experience as banking supervisor in the private sector, while still others had a more national-centred career and stayed in the central banking or banking supervision sector. The Basel Committee members were the elite of banking supervisors. Over time, their committee evolved from a club to a standard-setter institution, illustrating the newly acquired influence both of banking supervision and experts and expertise in international financial governance.

Key words: banking supervision, Basel Committee, collective biography, expertise, international institution, financial governance.

The end of 20th Century came with an increased role of expertise in both banking and banking regulation. New methods were devised in order to control better more internationalised and more complex banking practices. Who were the people in charge of establishing these new supervisory practices? The Basel Committee on Banking Regulation and Supervisory Practices (hereafter BCBS), established in late 1974 after a series of banking failures in Germany, the United Kingdom and the United States, was part of the reaction of the G10 central bank governors to the challenges of the post-Bretton Woods era.¹ They asked a group of senior officers in banking supervision to help them in their task of monitoring the international financial system. These supervisors became active first in the exchange of ideas to improve the control of international banking, and then in the production of common international standards in banking supervision. Varied networks were established and developed to support this process which both transformed the Committee into an institution in itself and contributed to the internationalisation of national supervisory institutions.

Banking supervisors have a complex relationship with banks. They have daily contacts with bankers and in some cases are former bankers themselves, or have had a career in the private sector after experience in banking supervision. On the other hand, supervisors belong to the authorities, whether they come from central banks as in the United Kingdom, or from

¹ Catherine Schenk, 'Summer in the City: Banking Failures of 1974 and the Development of International Banking Supervision', *The English Historical Review* 2014 (129:540): 1129-1156.

other separate institutions as in Germany. If they are now at the centre of interest in the field of banking regulation,² this was certainly not the case in the early 1970s. At that time, banking supervision differed radically from one country to another, and was linked to differences in the relationship between the State and the market within the Group of Ten.

The BCBS was a group of senior officers of banking supervision and foreign exchanges from 12 different countries (the G10 plus Luxembourg and Switzerland). They had real authority at home but played the role of experts for the central banks' governors when sitting on the Committee. In this capacity, they participated in the production of a new, more internationalised market. This chapter, then, examines the characteristics and role of this group of senior officers in the establishment of a new institution, their relationships with banks, and their role in the shaping of a new post-Bretton Woods international financial market, between its creation in 1974 and its first agreement on a capital adequacy standard in 1988. More generally, it sheds light on the role of experts as historical actors in the field of financial regulation. It will examine the group of people who comprised the BCBS, the institutional evolution of the Committee between 1975 and 1988, and its influence within the field of regulation and supervisory practices.

This chapter states that the power of the Basel Committee members had various dimensions. On an individual basis, many members exerted influence. As a group, they were the only ones who could devise the rules for international banking supervision. As an institution, the BCBS acquired over time a legitimacy that gave it strong political power. Members of the Committee were empowered by their membership; a membership which placed them as key actors in the world of financial regulation. If they were not as powerful as central bank governors, their influence became undeniable, and as such they were part of the elite. The power of the BCBS was further reinforced by the fact that it favoured the development of a more unified profession of banking supervisors, and by the increased role of technocracy and expertise in financial regulation in the 1970s and 1980s. The relation between power and elites has been stressed by Scott, a point that helps him distinguish elite from class.³ Another approach is provided by Bourdieu and his followers, who stress the importance of various kinds of capital (economic, symbolic, social, cultural) in differentiating between types of elites, and the interrelations between structures and individuals.⁴ This approach has been used to address topics, such as central bankers from a comparative perspective,⁵ or the characteristics of the elites of globalisation.⁶

In this chapter, both perspectives will be taken into consideration. If Basel Committee members cannot be considered as representative of a "class", their sociological properties

² Gianni Toniolo and Eugene N. White, 'The Evolution of the Financial Stability Mandate: From Its Origins to the Present Day', National Bureau of Economic Research Working Paper 2015 (n° 20844).

³ John Scott, 'Modes of power and the re-conceptualization of elites', *The Sociological Review* 2008 (56:1): 25-43.

⁴ Pierre Bourdieu, *Esquisse d'une théorie de la pratique, précédé de trois études d'ethnologie kabyle*, (Paris, 2000) ; Pierre Bourdieu, *La Distinction. Critique sociale du jugement*, (Paris, 1979).

⁵ Frédéric Lebaron, 'European Central Bank leaders in the global space of central bankers: A Geometric Data Analysis approach', *French Politics* 2010 (8:3): 294-320.

⁶ Anne-Catherine Wagner, 'Les élites managériales de la mondialisation : angles d'approche et catégories d'analyse', *Entreprises et histoire* 2005 (41:4): 15-23 ; Yves Dezalay, 'Les courtiers de l'international', *Actes de la Recherche en Sciences Sociales* 2004 (151-152: 1): 4-35.

provide us with important insights on the middle ranking elite of globalisation and on its diversity. The bourdieusian approach also stresses the resilience of national structures in the financial elites' profile, in spite of globalisation forces. On the other hand, the increasing influence of the Basel Committee mirrors the growing power of a profession, that of banking supervisor, and the escalating importance of an activity, banking regulation, in the financial sector, at the end of the 20th century. Therefore one can consider that a new type of financial regulatory elite emerged at that time, whose Basel Committee and its members were part: experts and senior officers in banking supervision and regulation. The growing field of banking regulation and supervision reflect the mutually reinforcing interaction of legal and financial elites stressed in the chapter by Arvind, Gray and Wilson. The newly acquired influence of regulatory and supervisory experts in international financial governance made them part of the elite in the sense of Scott.

The Basel Committee is at the crossroads of various academic concerns. It has already been widely studied by political scientists and economists.⁷ Much less attention has been given to its members, however. Only Goodhart provides some biographical information, but only on important members.⁸ More generally, central bank cooperation, the Bank for International Settlements (hereafter BIS), and their role in preserving financial stability,⁹ as well as the internationalisation of the central banks,¹⁰ have also been studied. Others have studied experts and expert committees and their role played in international financial and monetary governance.¹¹ The approach used here considers that inquiring into people's characteristics is important in order to highlight the social dimension of power in the field of financial regulation. It also helps to better understand the process of regulation, and not only the results. Furthermore, the BCBS can be seen as having played a role in the shaping of a new international banking field; that is, a social space with its own rules and where members compete for a specific goal.¹²

Newly available archival material from central banks and the BIS, as well as collective biographies of BCBS members, shed light on the role played by elites and institutions in the shaping of the post-Bretton Woods international financial system. Networks of technocrats and experts developed new tools to foster monetary and financial stability. Archival material helps clarify the political, institutional and economic stakes. Biographies highlight connections

⁷ Ethan B. Kapstein, *Governing the Global Economy: international finance and the state* (Cambridge, Massachusetts ; London, 1994) ; Duncan R. Wood, *Governing global banking: the Basel Committee and the politics of financial globalisation* (Aldershot, 2005) ; David A. Singer, *Regulating capital: setting standards for the international financial system*, (Ithaca, 2010) ; Charles A. E. Goodhart, *The Basel Committee on Banking Supervision : a history of the early years, 1974-1997* (Cambridge ; New York ; Melbourne, 2011).

⁸ Goodhart, *The Basel Committee*.

⁹ Gianni Toniolo, *Central bank cooperation at the Bank for International Settlements, 1930-1973* (New York, 2005) ; Kazuhiko Yago, *The financial history of the Bank for International Settlements* (London ; New York, 2012) ; Toniolo and White, 'The Evolution of the Financial Stability Mandate'.

¹⁰ Olivier Feiertag and Michel Margairaz, eds, *Les Banques centrales à l'échelle du monde, L'internationalisation des banques centrales des débuts du XXe siècle à nos jours*, (Paris, 2012); John Singleton, *Central Banking in the Twentieth Century* (Cambridge; New York, 2011).

¹¹ Robert Raymond, 'Le Rôle des Comités d'experts du Comité des Gouverneurs des Banques Centrales de la CEE', *Histoire, Économie & Société* 2011 (30:4): 101-105 ; Amy Verdun, 'The Role of the Delors Committee in the Creation of EMU: an Epistemic Community?', *Journal of European Public Policy* 1999 (6:2): 308-28 ; Ivo Maes, 'Alexandre Lamfalussy et les tentatives de la BRI pour éviter un endettement excessif en Amérique latine dans les années 1970', *Histoire, économie & société* 2011 (30:4): 59-77.

¹² Pierre Bourdieu, 'Le Champ Économique', *Actes de la Recherche en Sciences Sociales* 1997 (119:1): 48-66.

between the banking sector and the regulatory sector, career profiles of the BCBS members, and the kind of expertise on which their authority was based.

1. Collective biography analysis

If we follow the results of Goodhart's study, 127 people attended the Basel Committee between its first meeting in January 1975 and the last meeting of the year 1987, not counting those occasional members such as delegates from the European Commission. These 127 people included 120 national delegates and seven members from the BIS. Important variations existed between the representation of one country and another, because of the different turnover among delegates. For instance, four Canadian delegates came to the Committee during the period under study, but there were 22 from the United States and from Japan. 50 biographies (39.4%) have been found through various sources, such as the central banks websites, online obituaries, archival material, specialised websites or publications.¹³ The main characteristics of these 50 members are indicated in Appendix 1. Unfortunately, these biographies do not cover member countries equally. For example, all the French delegates have been found, but almost no Japanese. Several other biases characterise this sample. For example, some members attended only one session whereas others attended more than 50. Also, the biographical information found is not exactly identical from one person to another, and not always complete. Finally, the more high-ranking a member became during his life, the easier it is to find his biography. Therefore information found may not be representative, particularly when it is found online or in publications such as the *Who's who*. However, these biographies do help to assess the heterogeneity or homogeneity of the group, and understand better what kind of people sat on the Committee. Half the BCBS members were coming from supervisory departments in central banks or from supervisory institutions where there was one, and half from central banks' foreign exchange departments. Each country was supposed to send two delegates for each meeting, although on occasion some countries, such as the United States, sent more delegates.

A first distinctive feature of the members of the Committee is their diversity, between one country and another, but also within one and the same country. This variety stemmed both from national differences and from the fact that members were middle ranking elites, as opposed to central bank governors who represented the top level of each country's central banking profile.¹⁴ In the French case, no delegate was a former Inspector of Finance, which was the traditional elite profile of the financial elite in France. Among the nine British delegates on which information is known for a total of 11 people over the period, four were Oxbridge graduates, among whom were the two chairs, George Blunden and Peter Cooke. Two British secretaries of the Committee, both from the Bank of England, attended the elitist public school, Eton. Out of five American delegates whose education is known, two were Harvard graduates. Three of the six known Swiss members were lawyers. Some members thus had a rather typical

¹³ Elizabeth Hennessy, *Who's Who in Central Banking*, (London, 1997) ; Elizabeth Hennessy and Carola Gebhard, *Who's Who in Financial Regulation*, (London, 1998).

¹⁴ Youssef Cassis, 'La Communauté des Gouverneurs des Banques Centrales Européennes depuis la fin de la Seconde Guerre mondiale', Olivier Feiertag and Michel Margairaz, eds, *Politiques et Pratiques des Banques d'émission en Europe (XVIIe-XXe Siècle). Le Bicentenaire de la Banque de France dans la Perspective de l'Identité Monétaire Européenne*, (Paris, 2003), 753–65.

elitist profile of each country in terms of their education and earlier profession, but by no means all of them.

All members of the BCBS were senior officers in their home institution. However, while it is difficult to compare seniority from one country to another, it seems that some countries sent people who were more senior than others. For instance, in the case of the United States, David Willey was vice president of the Federal Reserve Bank of New York when he attended the Committee. Heimann and Bench were both Comptroller of the Currency, a position at the head of one of the three US regulatory institutions. On the other hand, the French delegates seemed to be slightly less senior. They usually ranked just below the head of the Banks' Control Commission, which was itself subordinated to the central bank. This was the case for Pierre Fanet and Jean Bonnardin, who held positions just below that of the secretary general of the Commission. In the Japanese case, career progression was linked to the frequency of transfers from one position to another at the Bank of Japan and the Ministry of Finance. Therefore, there was a rapid turnover of Japanese delegates.¹⁵ Another G10-based committee, the Euro-currency Standing Committee was composed of more senior members than those in the BCBS, yet no hierarchical difference was ever expressed.

As an expert committee, the BCBS worked for the central bank's governors but still enjoyed relative independence. This was for two reasons: firstly, their expertise in banking practices and banking supervision and regulation gave them technical power, and secondly, some of the delegates were not coming from central banks but from other institutions : the Office of the Comptroller of the Currency (from 1978 onwards) and the Federal Deposit Insurance Corporation (from 1984 onwards) in the USA; the Ministry of Finance in Japan; the Federal Office of Supervision in Germany, and the Federal Banking Commission in Switzerland, for instance. Rivalries between these institutions and the central bank of these countries could be important. Several authors states that governors did not intervene much in the affairs of the Committee, partly because banking supervision was an esoteric topic.¹⁶ However, governors did brief members at home and exerted considerable pressure on the capital convergence exercise which started in 1984. Governors' involvement depended on the kind of topic discussed and its policy implications, but in any case they could not write the reports on their own, and needed BCBS members to do so.

Almost all the members of the Committee were males, which reflected the predominantly male environment of central banking. Among the attendees only one was a woman: Mrs. Lepoivre, from the National Bank of Belgium. According to Goodhart, she attended 33 meetings between 1984 and 1995.¹⁷ Male predominance was particularly visible during international conferences or special meetings organised outside Basel, during which spouses were invited. This was the case for instance of a joint meeting of the *Groupe de Contact* and a working group of the Basel Committee in Copenhagen in May 1984,¹⁸ or at the

¹⁵ Satoshi Watanabe, *The Origin and Development of International Cooperation for Financial Stability - International Cooperation at the Basel Committee on Banking Supervision* [translation from Japanese] (Tokyo, 2012).

¹⁶ Richard J. Herring and Robert E. Litan, *Financial Regulation in a Global Economy*, (Washington, D.C, 1994); Goodhart, *The Basel Committee*.

¹⁷ Goodhart, *The Basel Committee*.

¹⁸ Bank of France Archives (hereafter BoF), 1749200912/263, Meeting of the Groupe de Contact in Copenhagen on 24 and 25 May 1984, « Ladies programme ».

international conference of banking supervisors in Tokyo in October 1988:¹⁹ these events had a specific program for spouses which included visits and shopping, in addition to common sociability practices such as buffets and dinners. These events thus illustrated a strong sexual division of roles in the society.

Was the BCBS a group of new transnational elites? The answer depends from one member to another, and within one and the same country. Even if many members had had an international experience, most of them had spent much of their career in their home country. Out of 50 people whose biographies have been found, 24 have had an international experience of one year or more in their career, or have been involved in several international groupings other than the BCBS. For example Gérard Aubanel, one of the first French delegates, was sent to the IMF between 1955 and 1958, and then to the European Commission between 1962 and 1963. Derrick Byatt, from the Bank of England, went to the BIS for fifteen months in 1955 and 1956. Motomichi Ikawa was an economist at the OECD between 1976 and 1979 before representing the Japanese Ministry of Finance on the Basel Committee, from 1982 on. However, some members have been more particularly involved in international activities during their career. This is the case for example of Albert Dondelinger, a delegate from Luxembourg at the Basel Committee. He was part of many other committees and institutions, such as the EEC committee of banking supervisors, known as the “*Groupe de Contact*”, the World Bank, the monetary committee of the EEC (between 1971 and 1976), and the interim committee of the IMF (between 1972 and 1976). John Heimann, Comptroller of the Currency and member of the Basel Committee between 1978 and 1980, was member and treasurer of the Group of Thirty and a president of the American Ditchley foundation, among many other international groupings. Overall some members did have a very international profile and belonged to a vast network of committees and institutions, while others had a more domestic-centred career.

A comparison between British and French members sheds light on national differences concerning international profiles. There were seven French delegates and 10 British delegates (excluding chairmen and secretaries) attending the Basel Committee between 1975 and 1987. Biographies of all the French members and of eight British members have been found. Of these eight British, three had an experience in the former or then current British empire: Derrick Byatt was seconded to the central bank of Zambia, and David Nendick to the central bank of Mauritius before going to work for the Hong Kong government to which Richard Farrant was also assigned. Conversely, most French delegates spent their career at the Bank of France or at the Banks' Control Commission. Some of them, however, did have a relatively extensive experience abroad, in Europe. For example, André Icard, member of the Basel Committee between 1982 and 1984, was deputy director-general of the BIS between 1996 and 2000, while Jean-Pierre Fèvre was seconded to the European Commission between 1989 and 1997 before going back to the Bank of France.

Were there bankers on the Committee? This question relates to the more general issue of the relationships the BCBS had with commercial banks. Goodhart states that there were few direct contacts between the BCBS and banks, because most of these contacts were established at a national level.²⁰ While being true on the whole, such a perspective establishes an artificial rupture between the BCBS and national authorities represented on the Committee. In addition,

¹⁹ BoF, 1749200912/265, « 1988 ICBS Tokyo. Programme ».

²⁰ Goodhart, *The Basel Committee*.

several members were indeed bankers themselves, before or after their time on the Committee. Of the 50 people whose biography has been found, 13 had had some experience in the private sector. This experience ranged from consulting activities, sometimes after retirement, to an almost life-time career as a banker. National variations were, here again, very important. Frederik Mush, a Dutch delegate between 1982 and 1992, had various positions in an investment bank and at PriceWaterHouseCoopers before and after his experience at the *Nederlandsche Bank*. Two Swiss members, out of a total of six biographies collected (and a total of 10 Swiss members between 1975 and 1987), ended their career in the private sector. This is also the case for two British members out of a total of seven biographies collected from a total of 10 British members over the same period (excluding chairmen and secretaries). Additionally, Dondelinger (Luxembourg) was chairman of the Luxembourgian Banks and Bankers' Association between 1977 and 1978, member of the Overseas Bankers Club of London and fellow of the International Bankers Association in Washington. French members had particularly little experiences in the private sector, whether before or after their time on the Committee. Only André Icard, one of the seven French delegates between 1975 and 1987 (for whom all the biographies have been found), has been administrator at the Banque Française du Commerce Extérieur, established in 1946 to develop French exports, and closely linked to the French state.

American members seem to have had closer links with commercial banks or other private institutions, although information is missing. Four US members out of a total of seven biographies found (and a total of 22 people between 1975 and 1987) had experience in the private sector. David Willey, vice-president of the Federal Reserve Bank of New-York, worked at Morgan Stanley, while Robert Bench joined Price Waterhouse after 22 years spent at the Office of the Comptroller of the Currency. John Heimann worked at Smith Barney & Co and E.M. Warburg Pincus & Co for about twenty years before becoming Comptroller of the Currency in 1977, until 1981. He returned to the private sector from 1982 onwards, working first at Becker Paribas Incorporated, then at Merrill Lynch, where he became chairman of Global Financial Institutions in 1991. In the same vein, Michael Patriarca spent most of his career in the private sector. US supervisors were more attracted to the private sector than in other countries, most notably France, a result that is confirmed by archival material.²¹ These results hint that individual members' profiles reflected the overall relationship between the state and the market in each country.

What kind of expertise did the members have? If education gives insights into this question, it is also to be looked at carefully, as in some cases it could reflect a way of selecting the elite of a country. Two disciplines dominate the 34 cases whose educational background is known: law and economics. This reflects the different skill profiles of supervisors and central bankers already identified by Goodhart.²² 22 members out of 34 had studied law during their education, 20 members had studied economics. In addition, two French members had attended the *Institut d'Etudes Politiques* of Paris which could include a training in economics. Only three

²¹ US National Archives and Records Administration (hereafter NARA), 101820027/20, "Human resources issues for discussion by the Comptroller," 15th July 1977.

²² Charles A. E. Goodhart, Dirk Schoenmaker, and Paolo Dasgupta, 'The Skill Profile of Central Bankers and Supervisors', *European Finance Review* 2002 (6:3): 397-427.

members had a proven PhD in economics. Helmut Mayer, secretary of the Committee and expert in euro-markets at the BIS had a PhD from Stanford. David Willey, from the Federal Reserve Bank of New York and member of the Committee between 1975 and 1982, had a PhD in economics from the University of Columbia. Motomichi Ikawa, from the Ministry of Finance and on the Committee between 1982 and 1984, had a PhD from Berkeley. Some members, such as Brian Quinn or Richard Farrant (Bank of England) had been economists at the IMF, but precise information on their education has not been ascertained. Gemmill from the Federal Reserve had a PhD from Harvard University, but the discipline has not been found, although economics is a most likely possibility. Law was particularly important in Switzerland (five out of the six members whose education is known had studied law, for a total of ten members over the period considered). Of the 34 cases known, seven members had studied both law and economics. The predominance of these two disciplines reflects the point stressed in the chapter by Wendschlag about the central bank elites' education from 1950 to 2000, although the shorter time frame considered here does not allow to identify the rise of economics.

However, education was not the main source of expertise. There were relatively few members with a PhD, and professional experience and training within a home institution was important. Other fields of expertise such as accounting were also deemed important in the profession. Furthermore, knowledge of the market was a key element of members' skill profiles, and formed a sort of "tacit knowledge", that is, a little formalised knowledge playing an important role in the exercising of their authority.²³ There was, however, no specific training in banking supervision at that time. To some extent the work of the BCBS was to produce a more formalised knowledge on banking supervision at the international level. Therefore, members' expertise was first and foremost based on their professional experience and authority.

The Basel Committee was well connected to a network of other committees and various institutions. It was in itself a network connecting central banks and supervisory institutions.²⁴ As Goodhart explains, connections were particularly important with EEC groupings, particularly the *Groupe de Contact* and the Banking Advisory Committee of the EEC.²⁵ There was an important membership overlap between these two committees, both involved in banking regulation and supervision, and the BCBS. At least seven European members of the Basel Committee were also part of the *Groupe de Contact*, although not necessarily concurrently: Schmit (Luxembourg), Dondelinger (Luxembourg), Muller (Netherlands), Schneider (Germany), Baeyens (Belgium), Bonnardin (France), Coljé (Netherlands). Schneider became chairman of the *Groupe de Contact* in 1982,²⁶ and Bonnardin was chairman before him.²⁷ Furthermore, at least eight European members of the Basel Committee have been part of the Banking Advisory Committee: Muller (Netherlands), Musch (Netherlands), Schaus (Luxembourg), Farrant (United Kingdom), Schneider (Germany), Coljé (Netherlands), Lang (Germany), Cooke (United Kingdom).²⁸ Some members have thus been part of all three

²³ Michael Polanyi, *The Tacit Dimension*, (Chicago, 2009).

²⁴ Martin Marcussen, 'The Basel Committee as a Transnational Governance Network', Martin Marcussen and Jacob Torfing, eds, *Democratic Network Governance in Europe*, (Basingstoke ; New York, 2007), 214–232.

²⁵ Goodhart, *The Basel Committee*.

²⁶ BoF, 1749200912/305, Twenty-fourth meeting, 25th and 26th February 1982.

²⁷ Bank for International Settlements Archives (hereafter BISA), 1.3a(3) F, Seventeenth meeting, 8th and 9th November 1979.

²⁸ Hennessy, *Who's who in central banking* ; Hennessy and Gebhard, *Who's who in financial regulation* ; BoF, 1749200912/265, "List of members of the Banking Advisory Committee", June 1986 ; www3.tcmb.gov.tr/conference/cv/MuschCV.pdf [consulted on 5th May 2015].

committees, though not always exactly at the same time. As a result, European members were particularly well involved in international networks of banking regulation, because of the European integration process.

Several members were also part of other transnational committees. The Euro-currency Standing Committee (hereafter ECSC) of the BIS, another G10-based expert committee working for the central bank governors, was working on international financial activities from a macro-economic perspective. Both committees had had tense relationships at the turn of the 1980s because they worked on similar issues from a different perspective. Peter Cooke, chairman of the BCBS, represented the Basel Committee at the ECSC's meetings from 1980 on. Musch, a Dutch delegate at the BCBS between 1982 and 1992 was also a member of the ECSC, although the time of his membership is not known, and André, from the National Bank of Belgium, was probably a member of the ECSC for about ten years.²⁹ Musch and Mayer (secretary of the BCBS, BIS) participated respectively to a committee on financial services and to a working group on banking regulation at the OECD.³⁰ Gutzwiller, a delegate from Switzerland, was member of the monetary law committee of the International Law Association while also being a member of the BCBS. In 1981, Peter Cooke participated in the sub-group of the Group of Thirty working on the question of international banking risk and supervision.³¹ Some members were also part of various clubs such as the Rotary Club (Dondelinger,³² Luxembourg; Hauri,³³ Switzerland), the Ditchley Foundation (Heimann, USA), and the City of London Club (Barnes, United Kingdom). Furthermore, some members participated in various groupings established by the BCBS itself together with other institutions: Willey (USA), Kloft (Germany), Dealtry (BIS, secretary of the Committee), Stahel (Switzerland), and Timmerman (Netherlands) were part of a joint working group with the Banking Commission of the International Chamber of Commerce.³⁴ Vachon (Canada), Pille (Belgium), Timmerman (Netherlands), Aubanel (France), Lanciotti (Italy), Dealtry (BIS), formed a BIS group with other national delegates working on international maturity transformation.³⁵

At national level, members were part of various committees and working groups, ensuring a connection with the international level. Bodmer, a Swiss delegate, was part of an expert group working on a report to the government on the improvement of the prudential system.³⁶ Danielsson, from Sweden, was part of a committee examining banks' capital adequacy rules from 1976 on.³⁷ Müller (Switzerland) was part of a special commission created by the Swiss government to revise the banking law in 1977.³⁸ Fèvre, Fanet and Bonnardin (France)

²⁹ BISA, 1.3a(3) F, Eighth meeting, 28th and 29th October 1976.

³⁰ www3.tcmb.gov.tr/conference/cv/MuschCV.pdf [consulted on 5th May 2015]; BoF, 1749200912/304, Nineteenth meeting, 26th and 27th June 1980.

³¹ BoF, 1749200912/305, Twenty-second meeting, 25th and 26th June 1981.

³² www3.tcmb.gov.tr/conference/cv/MuschCV.pdf [consulted on 5th May 2015].

³³ "Base de données des élites suisses au XX^e siècle":

<http://www2.unil.ch/elitessuisses/index.php?page=detailPerso&idIdentite=60067> [consulted on 5th May 2015].

³⁴ BISA, 1.3a(3) F, Tenth meeting, 30th June and 1st July 1977 ; BISA, 1.3a(3), 1979/9, BS/1979/2, "Provisional report of Dr. Roesle's working party on the drafting of rules on outstanding forward foreign exchange contracts", 4th December 1978, annex 2.

³⁵ BISA, 1.3a(3) F, Fifteenth meeting, 2nd and 3rd March 1979 ; BISA, 1.3a(3) F, Eighteenth meeting, 28th and 29th February 1980.

³⁶ BISA, 1.3a(3) F, Fifth meeting, 11th and 12th December 1975.

³⁷ BISA, 1.3a(3) F, Eighth meeting, 28th and 29th October 1976.

³⁸ BISA, 1.3a(3) F, Eleventh meeting, 27th and 28th October 1977.

were all part of the working group working for a new 'Plan Comptable' (accounting rules) between 1973 and 1976.³⁹ Heimann, Comptroller of the Currency between 1977 and 1981 and member of the Committee between 1978 and 1980, was the first chairman of the Federal Bank Examination Council, representing the three US federal regulatory institutions.⁴⁰ Wiley and Gemmill, US delegates, were both part of the System Steering Committee on International Banking Regulation established in early 1973 by the Federal Reserve.⁴¹ The Basel Committee was thus well integrated in a national and international network of committees

The BCBS was a heterogeneous network of senior officers who were differently connected to the private sector, and to international governance structures, even within one and the same country. However, some differences can be identified between countries: for instance, American members had closer links with commercial banks than French members. In addition, educational background reflects each country's traditions, a point also stressed in the chapter by Wendschlag on central bank elites. Lastly, a majority of members had a rather "national" career, despite their participation to the Basel Committee. Some members were already influential on an individual basis. This was particularly the case of the two chairmen, George Blunden and Peter Cooke, but also of several American members such as John Heimann. Over the period 1975-1988 the evolution of the international context gave the BCBS a status which enabled it to shape the new international financial system of the late 20th Century.

2. From a club to an institution

The Basel Committee had first a club-like dimension and was supposed to bring together people who did not know each other very well. The objective was certainly not to harmonise banking regulations or supervisory practices, but to learn from each other, exchange ideas and share information.⁴² This club-like dimension was maintained throughout the entire period: with dinners hosted by the chairman, meetings arranged outside Basel, and international conferences occurring every two years, all organised to foster trust and mutual understanding. Increasing international competition and risks in the international financial system placed the Committee in a key position within banking regulation. Over time, it gained a public authority that enabled it to issue common standards. This authority was reinforced by a context favouring more liberalised but more controlled international banking practices, thus empowering banking supervision in general. In close contact with bankers and various kinds of international experts, BCBS members helped shape a new international financial system.

From 1979 on, the BCBS organised international conferences of banking supervisors gathering professionals from all over the world. Five conferences were organised between 1979

³⁹ BoF, 1749200912/166, "49^e réunion du groupe de travail chargé de l'étude d'une réforme du règlement comptable des banques," 9th February 1976.

⁴⁰ BoF, 1749200912/304, Fifteenth meeting, 2nd and 3rd March 1979.

⁴¹ Federal Reserve Bank of New York Archives (hereafter FRBNY), central files, box 615771, "System Steering Committee on International Banking Regulation. Members of the Steering Committee," April 1974.

⁴² BISA, 1.3a(3) F, First meeting, 6th and 7th February 1975.

and 1988, in London, Washington, Rome, Amsterdam and Tokyo. They soon acquired a role of circulating papers produced by the BCBS and obtaining endorsement on its proposed practices. They also reinforced a community feeling among supervisors. In October 1981, Cooke stated about these conferences that “he believed that there was merit in allowing as many supervisors as possible to feel part of a larger “family” from time to time”.⁴³ Discussing the upcoming conference of 1988 in Tokyo after the Basel agreement on a common standard of capital adequacy, “Mr. Musch [Netherlands] said that the conferences provided an ideal opportunity to obtain the endorsement of non-G-10 countries to policies adopted by Committee members. He hoped it might be possible to secure broad international agreement on the capital framework”.⁴⁴ These conferences usually gathered delegates from about a hundred countries over two days, and provided opportunities for developing and maintaining networks. High ranking officials such as central bank governors or Ministers of Finance made an opening speech. Some bankers were also invited, although not at the first conference.⁴⁵ Such conferences therefore considerably increased the Committee's visibility and authority in the field of banking regulation.

From 1979 on, the BCBS played a role in establishing other regional groupings of banking supervisors. The first one was the offshore group of supervisors, whose idea dated back to the first conference of 1979 in London.⁴⁶ It met several times with the BCBS or alone from 1980 on. By 1985, there were also groups of supervisors from the Gulf countries, from Latin America and Caribbean, from South East Asia, New-Zealand and Australia (SEANZA).⁴⁷ The BCBS, and first and foremost its chairman Peter Cooke, played a role in the establishment of these various groupings and members of the Committee attended their meetings. Thus the Basel Committee was soon at the centre of a network of banking supervisors' regional groupings. The BCBS was not in itself the oldest international supervisors committee – the Nordic group and the EEC Groupe de Contact were already in existence when it was created – but its geographic coverage included the biggest banking systems, and therefore its authority was the strongest.

The Committee itself changed between 1975 and 1988. Its second chairman, Peter Cooke, from June 1977 on,⁴⁸ played an active role in promoting international banking supervision, whereas George Blunden, the former chairman, had been more conservative in his role.⁴⁹ The International Debt Crisis of 1982 highlighted the risks of post-Bretton Woods international banking for the financial system taken as a whole. The failure of the BCBS to prevent this situation showed how difficult it was for authorities to control an international market due to strong accounting, legal and economic differences between countries. From 1984 onwards, the BCBS came under strong political pressure as it became the key location for the

⁴³ BoF, 1749200912/305, Twenty-third meeting, 29th and 30th October 1981, p. 3.

⁴⁴ BoF, 1749200912/265, BS/88/22 (extract from meeting of January 1988) “d. Fifth ICBS in Tokyo”, p. 3.

⁴⁵ BoF, 1749200912/355, “International Conference of Banking Supervisors. London July 5-6 1979. Record of proceedings”.

⁴⁶ BoF, 1749200912/266, *Issues in Bank Regulation*, “The Role of International Supervision in Banking”, Bank Administration Institute, Summer 1984.

⁴⁷ BoF, 1749200912/266, *International Conference of Banking Supervisors. Banca d'Italia - Rome, September 13-14, 1984*, “Report by S. Aoki, as the representative of SEANZA countries”; BoF, 1749200912/355, “The Basle Supervisors Committee. Remarks by J.S. Beverly, May 24, 1985”, Fifth Assembly of the Commission of Latin American and Caribbean Banking Supervisory and Inspection Authorities, Barbados, May 23 and 24, 1985.

⁴⁸ BISA, 1.3a(3) F, Tenth meeting, 30th June and 1st July 1977.

⁴⁹ Schenk, ‘Summer in the City’.

construction of an international agreement on capital adequacy for international banks. While the detailed story of the agreement is outside the scope of this paper, it is worth stressing how the capital convergence exercise changed the Committee. In 1984, at the initiative of Paul Volcker, chairman of the US Federal reserve, the Committee was given a new mandate to work more thoroughly on capital adequacy convergence between the G-10 countries.⁵⁰ At the same time, it was decided to give more power to Peter Cooke, and to allow him to make recommendations which were based on the Committee's discussions, but did not necessarily have the support of all of its members. The secretariat of the Committee was reshaped in order to introduce more supervisory expertise and to help cope with its increasing technical work pressure. During the following years, it became clear that the BCBS would be a key institution in the process of capital adequacy convergence, even though some countries, particularly Japan, France and Germany, were opposed to the convergence exercise. As a result, by 1988, the Committee had gained an unprecedented role in the shaping of the international financial system.

The BCBS also played a role in the construction of an international authority facing multinational banking. Supervisors need some respectability in the eyes of banks in order to carry out their activities. At a time where banks' multinationalisation and internationalisation was a serious challenge to national authorities, the Basel Committee was used to reinforce this authority. In December 1975, George Blunden (chairman, Bank of England) stated that “if any member of the Committee used decisions reached, or recommendations made, by the Committee as a means of strengthening his hand in discussions with his country's banks, the Committee must, in his view, accept that such an approach was perfectly legitimate”.⁵¹ Also part of the international construction of authority was the fact that members frequently circulated letters sent to their banks in order to discuss best practices and banks' reaction. For instance, at the June 1976 meeting, German delegates circulated papers sent by the *Bundesbank* and by the Federal Office of Supervision to other members to explain recent dispositions taken by German authorities in the field of internal audit requirement and foreign exchange transactions.⁵² Exchanging views and ideas about supervisory practices was also meant to reinforce supervisors' authority at home. In the same vein, at the June 1981 meeting, the Belgian delegate Pille said that the Committee's questionnaire inquiring on banks' evaluation of country risk “had been very useful in focusing the discussions the Banking Commission had had on this question with the Belgian banks, and the latter had expressed interest in the results of the Committee's exercise”.⁵³

Different representations of the role of supervisors existed, and discussions at the Basel Committee or during international conferences frequently initiated debates on the responsibilities and boundaries of the profession. For instance, the respective responsibilities of supervisors and bankers were difficult to delineate clearly. The discourses on the role of supervisors were often expressing a specific, market-oriented type of governance. For instance, Peter Cooke, chairman of the Committee, stated at the 5th International conference of banking

⁵⁰ BoF, 1749200912/311, BS/84/31 revised: “Text of Chairman's telex of 26th March 1984”.

⁵¹ BISA, 1.3a(3) F, Fifth meeting, 11th and 12th December 1975, p. 9.

⁵² BISA, 1.3a(3), 1976/5, Letter from the Bundesbank to the central associations of German banks, 20th May 1976 ; BISA, 1.3a(3) F, Seventh meeting, 17th and 18th June 1976.

⁵³ BoF, 1749200912/305, Twenty-first meeting, 26th and 27th February 1981, p. 35.

supervisors in 1988 that: “at the same time, as others have remarked, let us not assume that supervisors are omnipotent and all-seeing. Banks must fail and the disciplines of the market must play their proper part, even if, as a result, we as supervisors appear to have to shoulder the blame for problems when they occur”.⁵⁴ A blend of cultural representations and political ideas thus interwove to shape new practices of banking regulation, whereby a more liberal environment was counterbalanced by a reinforced supervision.

3. The making of new rules and norms in banking supervision

The members of the Basel Committee wrote several reports to the governors between 1974 and 1988 in order to improve banking supervisory practices. A complete review of its activity is not possible in a few pages. However, a few examples can shed light on the role played by these experts in shaping the new international financial system. This section examines both the influence of the Committee and the role of its members in setting new rules for supervisory practices. The question of the influence of the BCBS is complex, because it was both direct and indirect, that is, involving official agreements or simply reflecting reciprocal influence between member countries. Most of the work of the Committee was about technical issues and exchange of ideas, which participated in the creation of a new method for international banking supervision. Some achievements of the Committee are already famous, such as the Concordat, established in 1975 and made public in 1979,⁵⁵ or the capital adequacy agreement of 1988, which has already received much academic attention.⁵⁶ Others, such as the consolidation of banks' balance sheets for supervisory purposes, have received less attention from the part of researchers. The consolidation principle became integrated in the revised Concordat of 1983. Taken together, the Concordat and consolidation principle illustrate both technical and broader issues addressed by the Committee. They will be briefly explained in order to highlight its work until the early 1980s.

What was called the Concordat from 1979 on was initially a text written by Huib Muller, from the *Nederlandsche Bank*, on the division of responsibilities between G10 authorities in international banking supervision. The first meetings of the Basel Committee, in 1975, dedicated substantial time to discussing issues of prudential responsibilities of foreign branches and subsidiaries. These discussions resulted from the failure of the Israel-British Bank, an Israeli bank with a subsidiary in London and which had been involved in fraud, using a Swiss bank to hide part of its business.⁵⁷ In his paper, Huib Muller tried to clarify prudential responsibilities, suggesting a scheme to delineate them. Roughly speaking, the control of liquidity was mostly left to host authorities, while the supervision of solvency was the prime

⁵⁴ Ibid., P. Cooke, p. 207.

⁵⁵ Schenk, 'Summer in the City'; Goodhart, *The Basel Committee*.

⁵⁶ Kapstein, *Governing the Global Economy*; Wood, *Governing global banking*; Singer, *Regulating capital*; Goodhart, *The Basel Committee*; Watanabe, *The Origin and Development of International Cooperation*.

⁵⁷ Schenk, 'Summer in the City'.

responsibility of home authorities.⁵⁸ The text was deliberately vague in order to state broad principles and avoid too lengthy negotiations, and was redrafted by the Committee to be sent as a report to the Governors in October 1975.⁵⁹ It became public in 1979 after the London conference, and revised in 1983 in order to include the consolidation principle and make clear that it did not cover lender-of-last-resort issues, a point that had always been too delicate for authorities when taking an official position.⁶⁰

The nature of the 1975 agreement and its role for the Committee had several dimensions. In itself, the agreement was drawing on already existing though not formalised practices of banking supervisors. Nordic countries (Denmark, Sweden, Finland, Norway, Iceland) had long established cooperative practices to supervise their international banks.⁶¹ The aim of the Concordat was to prevent gaps in banking supervision, making sure that all situations were covered by one or several supervisory authorities. In practice, it was difficult to implement, because of several obstacles such as lack of information, banking secrecy rules, absence of lender of last resort responsibilities, and the diversity of situations in international banking. However, the Concordat and its successive refinements may also be seen as a progressive formalisation of international cooperation between supervisory administrations. The agreement established between authorities formalised a network of supervisors and played a role in internationalising national administrations.

The principle of the consolidation of banks' balance sheets for supervisory purposes is an interesting case of circulation between the EEC groupings and the Basel Committee. It was a direct consequence of banks' multinationalisation,⁶² and consisted of taking into account all the foreign establishments of a bank, including its foreign subsidiaries, when evaluating its liquidity and solvency.⁶³ The aim was both to be more informed of foreign subsidiaries' activities and to prevent banks from escaping regulation through subsidiaries established in less regulated countries. Legally independent, foreign subsidiaries were until then not included in the calculation of solvency ratios and could thus be used to bypass home regulations. At the October 1976 meeting, Hugo Coljé, from the Dutch central bank, explained that he was writing a paper for the EEC *Groupe de Contact* on consolidation and suggested also discussing this issue at the Basel Committee.⁶⁴ In fact, the Basel Committee addressed the topic only one year later, in October 1977, and most of the initial work was made by the EEC *Groupe de Contact*.⁶⁵

The Basel Committee worked thoroughly on the topic of consolidation in late 1977 and 1978. When Coljé presented his paper in October 1977, he stressed the challenges of offshore

⁵⁸ BISA, 1.3a(3), 1975/1, "Paper for the BIS-Committee on banking regulations supervisory practices", H.J. Muller, 23rd May 1975.

⁵⁹ BISA, 1.3a(3) F, Fourth meeting, 25th and 26th September 1975.

⁶⁰ BoF, 1749200912/263, BS/84/22, "The Basel "Concordat" on the Supervision of Banks' Foreign Establishments", Text submitted by Peter Cooke to the Swiss Institute for International Economics, Regional Science and Market Research, for publication in its quarterly journal, *Aussenwirtschaft*, 15th February 1984.

⁶¹ BISA, 1.3a(3), 1982/17, "Reports to the governors on the supervision of banks' foreign establishments: extract from the replies received from non-Group of Ten central banks and supervisory authorities to whom the report was sent", March 1976.

⁶² Geoffrey Jones, ed., *Multinational and International Banking* (Aldershot, Brookfields, 1992).

⁶³ BoF, 1749200912/295, "Consolidation des comptes de banques", 19th January 1981.

⁶⁴ BISA, 1.3a(3) F, Eighth meeting, 28th and 29th October 1976.

⁶⁵ BISA, 1.3a(3) F, Eleventh meeting, 27th and 28th October 1977.

centres for banking supervisors.⁶⁶ In this, he stated that home authorities had a moral responsibility not only to banks' foreign branches, but also to their foreign subsidiaries, and that subsidiaries could carry a risk superior to actual participation for parent banks. Countries were then at different stages of reflection on the question. The Netherlands and the United States were very favourable to the idea, whereas in Japan authorities had only just started to deliberate on it. In France, reaction to Coljé's paper had been very positive because it called attention to a problem which was still little considered.⁶⁷ During 1978, most members rapidly agreed on the desirability of consolidating banks' balance sheets. Debates centred around the technical details and on the importance and implementation of the method. The main technical problem concerned what to do with minority participations. Danielsson, a Swedish delegate, explained in June 1978 that he was unable to convince his colleagues in Sweden of the desirability of the method of consolidation, and therefore was in favour of a report to the governors in order to strengthen the idea.⁶⁸ Consolidation implied heavy technical work on the part of supervisors, and was difficult to apply in practice.⁶⁹ Despite these technical difficulties, the Basel Committee members were largely in favour of this technique which was meant to improve international banking supervision. They wrote a report advocating this method in 1978, and submitted it to the governors in September after several revisions.⁷⁰ In December, the governors strongly endorsed it and invited the Committee to write another report stating progress made in the field and giving directives.⁷¹

The second report was sent to the governors on 22nd March 1979.⁷² This reaffirmed the desirability of consolidation for supervisory purposes and called for its implementation. Consolidation faced considerable resistance from banks in some cases, notably Switzerland, because it revealed the under-capitalisation of several Swiss banks once their foreign subsidiaries were taken into account.⁷³ In practice, consolidation could not solve all the issues of international supervision, and needed cooperation of foreign authorities in order to obtain the necessary information. Some countries needed a change in the legislation in order to implement the principle of consolidation.⁷⁴ On the whole, the exercise showed an effort on the part of authorities to think more globally and take into account all the risks taken by international banks when evaluating their soundness, but it faced considerable delay with banking institutions which were already advanced in their multinational expansion.

The method of consolidation for supervisory purposes was disseminated both at the G-10 level and beyond. Within the Group of Ten, implementation of the consolidation's principle was very uneven until the early 1980s. The countries who particularly favoured its adoption, such as the United States or the Netherlands, applied it quite early.⁷⁵ Japan reinforced its measures in 1978, and Canada extended consolidation to majority participations and important

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ BISA, 1.3a(3) F, Thirteenth meeting, 29th and 30th June 1978.

⁶⁹ BoF, 1749200912/305, Twenty-second meeting, 25th and 26th June 1981.

⁷⁰ BISA, 1.3a(3), 1982/17, "Past circulation of Committee documents", 1982.

⁷¹ BISA, 1.3a(3), 1979/9, "Consolidation: the next steps", 1979.

⁷² BISA, 1.3a(3), 1982/17, "Past circulation of Committee documents", 1982.

⁷³ BISA, 1.3a(3) F, Sixteenth meeting, 28th and 29th June 1979.

⁷⁴ BoF, 1749200912/305, Twenty-second meeting, 25th and 26th June 1981.

⁷⁵ BISA, 1.3a(3), 1980/11, "Rapport aux gouverneurs sur les progrès accomplis par les pays membres dans l'application du principe de consolidation à l'échelle internationale", 26th January 1981.

minority participations in 1980. In Germany, the legal framework for consolidation did not exist yet in 1981, but was strongly favoured by the Ministry of Finance. Meanwhile, German authorities had to rely on a gentlemen's agreement with banks from 1979.⁷⁶ In France, consolidation was possible, but not compulsory, from 1979 on. Outside the G10, the principle of consolidation was spread through direct correspondence with other authorities, through the G10 governors' statements, and through the London international conference of July 1979. The first report on consolidation was circulated in advance to the guests of the conference and many replies were received over the following months. The method of consolidation was further supported by the governors in a press communiqué of April 1980, where they stressed the importance of the work of the Basel Committee in this field.

At that point the governors' communiqué triggered an active agenda on the part of European institutions, in order to issue a new directive.⁷⁷ The idea behind this was part of a more ambitious project initiated by the 1977 directive on the coordination of banking regulations in member states. The Commission wished to make consolidation compulsory in all member states but also to harmonise periodical returns submitted by banks to authorities.⁷⁸ Consolidation was therefore included in a broader framework, including the improvement of the circulation of information between prudential authorities in member states, simplification of banks' declarations, and the harmonisation of definitions of accounting categories. Several projects were subsequently submitted by the Commission to the Banking Advisory Committee from 1980 on. The discussion between the Commission, the Advisory Committee and the Groupe de Contact lasted two years, until the directive was eventually issued in 1983.⁷⁹ Thus, a method of banking supervision initially put forward by a European expert committee (the EEC Groupe de Contact), was then discussed and endorsed by the Basel Committee and then went back to the EEC level. To some extent, the principle of consolidation was a simple administrative practice, but its use increased considerably through the influence of the Basel Committee, and its spread highlighted a global turn from the part of the authorities. This case study illustrates the international circulation and construction of supervisory practices through the Committee.

As a conclusion, this paper has showed how institution building, elites, and networks played a combined role in the transformation of the post-Bretton Woods financial system. If the context was favourable to the reinforcement of specific international committees such as the BCBS, its members played a crucial role in devising new rules for banking supervision and banking practices. This membership was quite diverse: some members were much more influential or had a more international career than others. The various networks they were part of, such as international committees, other international organisations, or national institutions,

⁷⁶ Ibid.

⁷⁷ BoF, 1749200912/304, Nineteenth meeting, 26th and 27th June 1980.

⁷⁸ BoF, 1749200912/295, "Coordination des informations périodiques fournies par les banques à des fins de surveillance. Résumé des travaux effectués jusqu'à présent".

⁷⁹ BoF, 1749200912/295, "Proposition modifiée de directive du Conseil relative à la surveillance des établissements de crédits sur une base consolidée", 27th January 1983.

highlight the density of the regulatory field at the turn of the global era. Furthermore, the BCBS as a group gained much symbolic capital over the period considered, and evolved from a club to an institution. Its visibility and respectability increased over time, and so did its legitimacy. At the same time, the profession of banking supervision was on the rise and in many ways the BCBS looked like a body to reinforce it, in front of on-going liberalisation of the banking sector. As individuals, members of the BCBS were the elite of the banking supervisors. Its achievements were not just simple “agreements” between them, but also collective constructions involving intellectual reflection and cultural representations of the market and of the supervisory role. Their influence culminated in the drawing of the first international standard in banking regulation, the capital adequacy agreement of 1988.

More generally, this chapter sheds light on the process by which banking supervision became international and gained importance within the broader field of regulation, thereby helping us understand better some aspects of the origins of the recent Global Financial Crisis. Banking supervision, which was supposed to control banks’ daily activities, became an increasingly important part of regulation which was the overall framework within which banks operated. Its internationalisation and its increasing focus on capital adequacy issues transformed its role. However, as we have seen from the cases of offshore centres or other non G10 countries, gaps in banking supervision could never be completely filled. Furthermore, regulatory power was not entirely in the hands of supervisors. Concerns about national competitiveness and financial liberalisation, which are beyond the scope of this study, played an important role, and involved many other actors than just supervisors. Nonetheless, the roots of the Global Financial Crisis are best understood by considering the new regulatory framework established in the aftermath of the collapse of the Bretton Woods system, a change which is epitomised by the story of the Basel Committee.

Appendix 1: name and background of BCBS members' mentioned in text

	Name	Country	Background	Attendance at Basel Committee meetings
1	Pierre André	Belgium	National Bank of Belgium, 1945-1981. 1968 : Chief of Foreign Department Education : sales engineering	1975-1977
2	Willy Vanleeuw	Belgium	National Bank of Belgium, 1941-1984. 1974 : Inspector General.	1978-1984
3	François Heyvaert	Belgium	National Bank of Belgium, 1941-1982. 1979-1980 : Head of Foreign Department 1980 : Deputy Director. Education : Business	1982-1982
4	Françoise Massai née Lepoivre	Belgium	National Bank of Belgium, 1971-2014. 1973 : International Agreements Department. 1988 : Inspector General. Member of several international committees. Education : philosophy, law, economics	1984-1995
5	Pierre Fanet	France	Banque de France from 1950 to retirement in 1985. General Inspector from 1976 on. Education : Law	1975-1976
6	Gérard Aubanel	France	Banque de France from 1945 to retirement in 1983. Seconded to the IMF from 1955 to 1958, and to the Statistical Office of the European Communities from 1962 to 1963. Director of foreign services. Education : Law	1975-1982
7	Jean Bonnardin	France	Banque de France and French Banking Commission, seconded to the Federal Reserve Bank of New York in 1974-1975. Education : law, economics.	1976-1987
8	Jean Pierre Fevre	France	Banque de France from 1964 to retirement in 2001 (inspection). Seconded to the European Commission from 1989 to 1997. Education : HEC, Institut d'Etude Politique de Paris	1978-1986

9	André Icard	France	Banque de France and French Banking Commission, seconded to the Federal Reserve Bank of New York. Banque Française du Commerce extérieur. Deputy Director of the Bank for International Settlements (1996-2000).	1982-1984
10	Alain Vienney	France	Banque de France, inspection (1968-1976), foreign services (1976-1985), seconded to New York in 1978-1979. Executive Director of various services at the Banque de France. Executive Director of various French overseas departments institutions. Education : Institut d'Etude Politique de Paris, law	1985-1989
11	Michel Lieuze	France	Banque de France and French banking commission 1951-1990, economic studies, and deputy secretary general of the French Banking Commission (1987-1990). Education : law, english, international economics.	1987-1990
12	Manfred Schneider	Germany	German Federal Banking Supervision Office. Education : Law, economics, history	1975-1990
13	Carlo Santini	Italy	Banca d'Italia, 1961-2000. Economic Studies Department. Private career from 2000 on. Education : law	1982-1984
14	Francesco Carbonetti	Italy	Banca d'Italia, 1967-1986. Legal advice. Private career from 1989 on. Education : law	1982
15	Fabrizio Saccomani	Italy	Banca d'Italia Head of International research, Five years secondment to the IMF. Member of several European committees. Education : economics and business administration, Bocconi and Princeton	1985-1987
16	Giovanni Carosio	Italy	Banca d'Italia, 1970 Research Department. 1985 : Regulations and Supervision Department. 1993 : Head of Banking Supervision Department. Member of several European and international committees. Education : economics, La Sapienza (Rome), Cambridge.	1987-1997

17	Akira Nagashima	Japan	Bank of Japan, 1962. 1972-1975 : Representative in the Americas 1975 : Alternative Executive Director for Japan, IMF. 1976 : seconded to the Banking Bureau, Ministry of Finance. 1978 : Manager, International Department. Education : law, economics (Wharton School of Finance and Commerce).	1975-1975
18	Motomichi Ikawa	Japan	1976-1979 : economist at the OECD 1979-1985 : various positions at the Ministry of Finance. Education : PhD in economics, Tokyo, Berkeley.	1982-1984
19	Albert Dondelinger	Luxembourg	Commissariat au contrôle des banques, 1959-1977. 1968-1976 : commissioner. 1977 : private career at the Banque Internationale du Luxembourg. Member of many EEC and international groupings. Education : law.	1975-1975
20	Pierre Jaans	Luxembourg	Deutsche Bundesbank, 1962-1972. Secretariat of the OECD, 1972-1974. Commissariat au contrôle des banques, from 1975 on. Member of several EEC groupings. Education : economics.	1975
21	Jean Nicolas Schaus	Luxembourg	1966-1969 : lawyer. Commissariat au contrôle des banques, 1969-1983. Manager of the Institut Monétaire Luxembourgeois, 1983-1995. Member of the EEC Banking Advisory Committee. Education : law.	1978-1989
22	Huib Muller	Netherlands	Nederlandsche Bank, 1964-1991. Supervisory Department, 1968. Alternative Deputy Director, 1973-1976. Then member of the Bank's governing board, with a special brief for prudential supervision. 1977-1985 : member, then chairman, of the EEC Banking Advisory Committee. Education : law, economics.	1975-1976 (as member), 1988-1991 (as chairman)
23	Frederick Musch	Netherlands	Private career at Pierson, Heldring & Pierson, 1970-1977. Nederlandsche Bank.	1982-1992

			Deputy Executive Director in charge of banking supervision, 1986-1992. After 2001 : private career at PricewaterhouseCoopers. Member of EEC Banking Advisory Committee and OECD Financial Services Committee.	
24	Ake Tornqvist	Sweden	Riskbank, 1976-1997 (then Ministry of Finance). Economist, department manager at the international department, monetary and exchange policy department. Education : business administration, economics.	1985-1990
25	Daniel Bodmer	Switzerland	1957-1980 : Federal Department of Finance 1980 : Swiss Federal Banking Commission. Education : economics.	1975
26	Bernhard Müller	Switzerland	Swiss Federal Banking Commission, secretary, 1976-1986. 1990-1993 : Banca del Gottardo. Education : law.	1976-1986
27	Paul Ehram	Switzerland	Federal Department of Finance, before 1967. Swiss National Bank, 1967-1970. Swiss Federal Banking Commission, from 1976 on. Education : law.	1980-1982
28	Daniel Zuberbühler	Switzerland	Swiss Federal Banking Commission : Head of legal service (1981-1985), Vice Director (1986-1987), Deputy Director (1988-1995), Director (1996-2008). Member of Working Party 3, IOSCO. Education : law, economics.	1986-1995
29	Peter Klauser	Switzerland	Lawyer Swiss National Bank from 1974 on. Legal Service Department, study period at the Federal Reserve Bank of New York (1981), Deputy Head of Department I, in charge of the Legal and Administrative Division (1982). After 1997 : private career at Orell Fussli Holding. Education : law.	1986-1995
30	Kurt Hauri	Switzerland	Swiss Federal Banking Commission. President, 1996-2000. Education : law.	1986-1997
31	George Blunden (chairman)	United Kingdom	Bank of England, 1947-1990. Seconded to the International Monetary Fund, 1955-1958.	1975-1977

			Head of Banking Supervision, 1974-1976. Executive Director, 1974-1984. Deputy governor, 1986-1990. Education : Public school, Oxford.	
32	Galpin	United Kingdom	Bank of England, 1952-1988. Deputy Chief Cashier, Banking and Money Market Supervision, 1974-1978. After 1988 : private career at Standard Chartered. Education : Haileybury and imperial college service.	1975-1977
33	Derrick Byatt	United Kingdom	Bank of England, 1949-1986. Seconded to the BIS, 1954-1955, Chief Cashier at the Bank of Zambia, 1964-1967. Various positions in Foreign Exchange Division. Education : Whitgift school.	1975-1984
34	Anthony Laurie Coleby	United Kingdom	Bank of England, 1961-1994. Secondment to the IMF, 1964. Deputy Chief Cashier, 1973-1980. Education : Cambridge.	1977-1980
35	William Peter Cooke (member, chairman)	United Kingdom	Bank of England, 1955-1988. Seconded to the Bank for International Settlements, 1961-1965. Head of Banking Supervision, 1976. Associate Director, 1982-1988. Education : Oxford.	1977-1988
36	Roger Barnes	United Kingdom	Bank of England, 1961-1993. Head of Banking Supervision, 1988-1993. After 1993 : private career at Hambros Bank Ltd. Education : Oxford.	1980-1993
37	David Allan Challoner Nendick	United Kingdom	Bank of England, 1953-1989. Seconded to the Bank of Mauritius, 1970-1972. Seconded to Hong Kong Government, 1985-1989. Secretary for Monetary Affairs, Hong Kong Government, 1989-1993. Education : Haileybury College.	1981-1993
38	Brian Quinn	United Kingdom	Economist at the IMF, 1964-1970 . Bank of England, 1970-1996. Assistant Director, Banking Supervision (1982-1986), Head of Banking Supervision (1986-1988). Education : economics.	1983-1995

39	Richard Farrant	United Kingdom	Bank of England, joined in 1967. Period as Economist in the Central Banking Service, IMF. Seconded to the Isle of Man Government, 1982. Seconded to the Hong Kong Government as Advisor to the Hong Kong Banking Commissioner, 1984-1986. Deputy Head of Banking Supervision, 1990-1993. Several international committees. Education : economics.	1987-1993
40	Robert F. Gemmill	USA	Board of Governors the Federal Reserve, Adviser in the Division of International Finance. Education : PhD, Harvard University.	1975-1978
41	David Willey	USA	Federal Reserve Bank of New York, from 1964 on. 1972 : Vice president, assigned to the loans and credits function. Has worked at Morgan Stanley. Education : law, PhD in economics, Columbia University.	1975-1982
42	John Heimann	USA	Career in private sector (Smith Barney & Co., E.M. Warburg Pincus & Co) from 1956 to 1975. Comptroller of the Currency from 1977 to 1981. Then came back to private sector : Warburg, Paribas Becker, Becker Paribas Incorporated, and Merrill Lynch. Education : economics, law.	1978-1980
43	Robert Bench	USA	Office of the Comptroller of the Currency. Assistant chief national bank examiner, then Deputy Comptroller of the Currency. Joined Price Waterhouse's Financial Services Practice after twenty-two years at the OCC. Education : Boston and Harvard Universities.	1978-1984
44	Sam Cross	USA	Prior to 1974 : deputy assistant treasury secretary for International Monetary and Investment Affairs 1974-1981 : executive director at the IMF. 1975-1980 : special assistant to the secretary of the Treasury. 1981 : Federal Reserve Bank of New York, Head of Foreign Exchanges and Foreign Relations, then Vice president. Education : BS and MS, University of Tennessee.	1979-1982

45	Robert Clarke	USA	Joined the Office of the Comptroller of the Currency after a career in a law firm's banking section. 1985: Comptroller of the Currency. Education : law, Harvard Law School.	1983
46	Todd Conover	USA	Various positions in the private sector before joining the Office of the Comptroller of the Currency. 1981: Comptroller of the Currency. Education : MBA, Berkeley University.	1983
47	Michael Patriarca	USA	Office of the Comptroller of the Currency, then career in the private sector. Education : history, law.	1983-1985
48	Michael Dealtry (secretary of the BCBS)	United Kingdom	Bank of England, joined in 1951. 1954 to 1990 : seconded to the BIS. Secretariat of the Group of Ten. Head of BIS' economic and monetary department. Education : Eton, Oxford (philosophy, economics, politics).	1975-1984
49	Helmut Mayer (secretary of the BCBS)	Austria	BIS, joined in 1963. Education : PhD in economics, Stanford University.	1975-1984
50	Charles Freeland (secretary of the BCBS)	United Kingdom	Bank of England, joined in 1964. BIS, 1975-2007. Seconded in 1975 at the BIS. Education : Eton, MA in economics, Saint Andrews University.	1978-1997