Central Bank Cooperation at the Bank for International Settlements, 1930–1973

This book covers the history of the Bank for International Settlements (BIS), the first-born among international economic institutions, from its founding in Basel in 1930 to the end of the Bretton Woods system in 1973. While the focus is on cooperation among the main central banks for the stability and efficiency of the international monetary system, this book also offers an institutional history of the BIS. The first chapters explore the foundation of the BIS, its role in the financial crisis of 1931, the London Economic Conference of 1933, and the following years when central bank cooperation was reduced to mostly technical matters. Considerable attention is devoted to the much-criticised activity of the BIS during World War II. The book then deals with the intensive central bank cooperation for the re-creation of Europe’s multilateral payments in the 1950s and for the support of the Bretton Woods system in the 1960s. The last chapter is devoted to the involvement of central banks in the first timid steps towards European monetary unification and to the eurodollar market.

Gianni Toniolo is Professor of Economics at the Università di Roma Tor Vergata (Italy) and Research Professor of Economics at Duke University. A former Professor of Economics and Chair of the Economics Department at the University of Venice, he has held visiting positions at All Souls College and St. Antony’s College, Oxford; Hitotsubashi University, Tokyo; the University of California at Berkeley; and the University of Connecticut. He is also a Research Fellow of the Centre for Economic Policy Research in London and a member of the European Academy. Professor Toniolo is the author of several books on European and Italian economic growth from 1800 to the present and on the history of financial markets and institutions with special reference to central banking, including The European Economy between the Wars (1997, with C. H. Feinstein and P. Temin) and An Economic History of Liberal Italy, 1850–1918 (1990). He is the editor of 17 books, including Patterns of European Industrialization: The Nineteenth Century (1991, with R. E. Sylla), Central Banks’ Independence in Historical Perspective (1988), and Economic Growth in Europe Since 1945 (Cambridge University Press, 1996, with N. Crafts). Professor Toniolo is co-editor (with P. Ciocca and G. Federico) of Rivista di Storia Economica.
Studies in Macroeconomic History

SERIES EDITOR: Michael D. Bordo, Rutgers University

EDITORS: Forrest Capie, City University Business School, U.K.
Barry Eichengreen, University of California, Berkeley
Nick Crafts, London School of Economics
Angela Redish, University of British Columbia

The titles in this series investigate themes of interest to economists and economic historians in the rapidly developing field of macroeconomic history. The four areas covered include the application of monetary and finance theory, international economics, and quantitative methods to historical problems; the historical application of growth and development theory and theories of business fluctuations; the history of domestic and international monetary, financial, and other macroeconomic institutions; and the history of international monetary and financial systems. The series amalgamates the former Cambridge University Press series Studies in Monetary and Financial History and Studies in Quantitative Economic History.

Other books in the series:
Howard Bodenhorn, A History of Banking in Antebellum America [0-521-66285-0; 0-521-66999-5]
Michael D. Bordo, The Gold Standard and Related Regimes [0-521-55006-8]
Michael D. Bordo and Forrest Capie (eds.), Monetary Regimes in Transition [0-521-41906-9]
Michael D. Bordo and Roberto Cortés-Conde (eds.), Transferring Wealth and Power from the Old to the New World [0-521-77305-9]
Trevor J. O. Dick and John E. Floyd, Canada and the Gold Standard [0-521-40408-8]
Barry Eichengreen, Elusive Stability [0-521-44847-6]
Barry Eichengreen (ed.), Europe’s Postwar Recovery [0-521-48279-8]
Michele Fratianni and Franco Spinelli, A Monetary History of Italy [0-521-44315-6]
Mark Harrison (ed.), The Economics of World War II [0-521-62046-5]
Kenneth Mouré, Managing the Franc Poincaré [0-521-39458-9]
Larry Neal, The Rise of Financial Capitalism [0-521-45738-6]
Lawrence H. Officer, Between the Dollar–Sterling Gold Points [0-521-45462-X]
Angela Redish, Bimetallism [0-521-57091-3]
Aurel Schubert, The Credit-Anstalt Crisis of 1931 [0-521-36537-6]
Norio Tamaki, Japanese Banking [0-521-49676-4]
Mark Toma, Competition and Monopoly in the Federal Reserve System, 1914–1951 [0-521-56258-9]
Elmus Wicker, Banking Panics of the Great Depression [0-521-66346-6]
### Contents

*List of Figures and Tables*  
*Foreword*  
*Preface*  
*List of Acronyms*

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>International Payments and Central Bank Cooperation</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>A BIS View of Cooperation</td>
<td>1</td>
</tr>
<tr>
<td>1.2</td>
<td>International Monetary Systems, 1870–1973</td>
<td>5</td>
</tr>
<tr>
<td>1.3</td>
<td>Reasons and Conditions for International Monetary Cooperation</td>
<td>9</td>
</tr>
<tr>
<td>1.4</td>
<td>Central Bank Cooperation under the Classical Gold Standard</td>
<td>13</td>
</tr>
<tr>
<td>1.5</td>
<td>Central Bank Cooperation, 1914–1922</td>
<td>16</td>
</tr>
<tr>
<td>1.6</td>
<td>The “International Bank”: An Old Cooperative Idea</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>Gestation and Birth</td>
<td>24</td>
</tr>
<tr>
<td>2.1</td>
<td>The Background</td>
<td>24</td>
</tr>
<tr>
<td>2.2</td>
<td>The Young Committee</td>
<td>33</td>
</tr>
<tr>
<td>2.3</td>
<td>The Baden-Baden Committee</td>
<td>39</td>
</tr>
<tr>
<td>2.4</td>
<td>American Ambiguity</td>
<td>44</td>
</tr>
<tr>
<td>2.5</td>
<td>The Legal Basis</td>
<td>48</td>
</tr>
<tr>
<td>2.6</td>
<td>High Hopes Are Raised: Comments on the Creation of the BIS</td>
<td>52</td>
</tr>
<tr>
<td>2.7</td>
<td>Outlook and Expectations</td>
<td>56</td>
</tr>
<tr>
<td>3</td>
<td>Organisation and First Operations</td>
<td>61</td>
</tr>
<tr>
<td>3.1</td>
<td>Off the Ground</td>
<td>61</td>
</tr>
<tr>
<td>3.2</td>
<td>People and Organisation</td>
<td>63</td>
</tr>
<tr>
<td>3.3</td>
<td>The Capital of the Bank</td>
<td>67</td>
</tr>
<tr>
<td>3.4</td>
<td>Dealing with Reparations</td>
<td>70</td>
</tr>
<tr>
<td>3.5</td>
<td>The Banking Side</td>
<td>72</td>
</tr>
<tr>
<td>3.6</td>
<td>The Issue of Long-Term Lending</td>
<td>74</td>
</tr>
<tr>
<td>3.7</td>
<td>The Peseta</td>
<td>77</td>
</tr>
</tbody>
</table>
Contents

4 The 1931 Crisis and International Lending 84
   4.1 The Background 84
   4.2 The BIS as International Lender: The Credit-Anstalt Crisis 88
   4.3 Lending to Hungary, Yugoslavia, and Danzig 97
   4.4 The BIS and the German Financial Crisis 100
   4.5 Assessing the First BIS Experience as Crisis Manager 106

5 The End of Reparations, the Gold Standard, and the 1933 London Conference 115
   5.1 The End of the Interwar Gold Standard 115
   5.2 Facing the New Reality 119
   5.3 The Wiggin Committee 123
   5.4 The Beneduce Committee and the Lausanne Conference 127
   5.5 Custodian of the Gold Standard 131
   5.6 The Preparatory Commission of Experts for the London Conference 136
   5.7 The BIS at the London Conference 144
   5.8 The Bank’s Role as Trustee and the German Transfer Crisis 149
   5.9 Emphasis on Cooperation 157

6 An Autarkic and Divided World 159
   6.1 Strained International Relations 159
   6.2 Central Bank Cooperation in an Autarkic World: An Oxymoron? 162
   6.3 The United States and the BIS 167
   6.4 The Tripartite Agreement 175
   6.5 People and Organisation 183
   6.6 The Banking Side 185
   6.7 Clearing Agent for the Universal Postal Union 189
   6.8 The Monetary and Economic (Research) Department 191
   6.9 The Governors’ Unofficial Meetings 195

7 Wartime 201
   7.1 Neutrality and Cooperation 201
   7.2 The Czechoslovak Gold Affair 204
   7.3 Neutrality Declaration and Policy 213
   7.4 Enemies under the Same Roof: Wartime Daily Life at the BIS 220
   7.5 Belligerents’ Diplomacy: McKittrick’s Reappointment 224
   7.6 The BIS and the Axis 226
   7.7 The BIS and the Allies 232
   7.8 The BIS, Switzerland, and the Other Neutrals 235
   7.9 Wartime Business Activity 238
   7.10 Wartime Gold Transactions with the Reichsbank 245
   7.11 Italian Gold 252
   7.12 Assessing the BIS’s Wartime Conduct 256
Contents

8 Bretton Woods 260
  8.1 The Road to Bretton Woods 260
  8.2 The BIS at Bretton Woods 267
  8.3 After Bretton Woods 271
  8.4 The Restitution of Looted Gold 276
  8.5 What “Saved” the BIS? 279

9 Reconstructing Multilateral Payments 283
  9.1 Europe’s Reconstruction and International Settlements 283
  9.2 The Postwar Economy in the Analysis of the BIS 286
  9.3 Central Banks: Plus ça change …? 291
  9.4 Early Postwar Activity 297
  9.5 The 1947 Agreement on Multilateral Monetary Compensation 301
  9.6 The OEEC and the 1948 Agreement for Intra-European Payments and Compensations 305

10 Achieving Convertibility 309
  10.1 Europe’s “Golden Age” and International Payments 309
  10.2 International Monetary Cooperation 312
  10.3 The BIS in the 1950s 317
  10.4 Economic Analysis 323
  10.5 The Birth of the European Payments Union 327
  10.6 Central Banks, the BIS and the EPU 333
  10.7 The EPU in Operation 335
  10.8 Convertibility and the European Monetary Agreement 339
  10.9 Eastern European Central Banks and the BIS 346

11 The 1960s: Patching Up the Bretton Woods System 350
  11.1 The International Monetary System, 1959–1973 350
  11.2 The BIS in the 1960s 357
  11.3 The “Basel Club” 363
  11.5 Origin and Operations of the Gold Pool 375
  11.6 Mutual Support: The Basel Agreement, Swap Networks, and “Bilateral Concerté” 381
  11.7 The Defence of Sterling 388
  11.8 The BIS, the G10, and the Debate on Reforming the International Monetary System 399
  11.9 1968: The Beginning of the End 410
  11.10 The BIS Role in the Second Sterling Group Arrangement 423
  11.11 The French Franc and the Deutsche Mark 426
  11.12 The End of Bretton Woods 428

12 Monetary Union and Financial Stability 437
  12.1 At the Roots of the BIS’s Future 437
  12.2 The EEC Governors’ Meetings in the 1960s 439
Contents

12.3 The Werner Plan and European Monetary Integration 444
12.4 The Eurocurrency Market 452
12.5 Central Banks’ Concerns about the Eurocurrency Market 455
12.6 Filling the Information Gap 457
12.7 The Eurocurrency Market and Monetary Policy 460
12.8 Prudential Issues 469

Epilogue 473
Notes 489
List of Archives Consulted 613
Bibliography 617

Annex A: BIS Statutes 1930 635
Annex B: BIS Balance Sheet, 1930–2000 647
Annex C: BIS Board of Directors and Management, 1930–2005 661
Annex D: Chronology of Events, 1929–2005 667
Annex E: Dramatis Personae: Biographical Sketches 697

Index 713
Figures and Tables

Figures

3.1 BIS “organigram”, 1933 (reconstruction)  page 64
10.1 BIS “organigram”, 1955 (reconstruction)  322
11.1 BIS Gold Pool operations and London gold price, 1960–73  419
12.1 BIS “organigram”, 1969 (adaptation)  440
B.1 Evolution of BIS balance sheet liabilities and net profits, 1931–58 (millions of U.S. dollars at current prices)  654
B.2 Evolution of BIS balance sheet liabilities and net profits, 1959–80 (millions of U.S. dollars at current prices)  656

Tables

4.1 Central bank credits organised through or with the participation of the BIS, 1931  108
5.1 Receipt and distribution of German funds for reparation payments and loans service, 1930–34  156
7.1 BIS gold shipments, June 1938–June 1940  240
7.2 Wartime movements on the Reichsbank gold account at the BIS  246
11.1 U.K. reserves, sterling balances, and international support organised through or with the BIS, 1961–71 (millions of U.S. dollars at current prices)  396
Foreword

In 2005, the Bank for International Settlements, the world’s oldest international financial institution, celebrates its seventy-fifth anniversary. The central bankers who gathered around the BIS meeting table in Basel, Switzerland, for the first time in May 1930 shared a vision that endures to this day. They created an institution that provided them with valuable services in international banking and research while serving also as a meeting place where they could discuss monetary policy issues amongst peers and cooperate effectively whenever necessary. The BIS has played this dual role of service provider and meeting forum for central banks ever since its foundation 75 years ago, and it continues to do so while moving forward to meet new challenges.

In 1980, on the occasion of its fiftieth anniversary, the BIS asked Paolo Baffi – a long-serving BIS Board member, former governor of the Bank of Italy, and outstanding economist – to write the history of the Bank. Unfortunately, Baffi died while his work on the BIS was still at an early stage. The idea of having the Bank’s history written was revived under the impulse of my predecessor Andrew Crockett. In 1999, the BIS entrusted this task to Gianni Toniolo.

The book covers the years 1930 to 1973: from the foundation of the Bank until the end of the Bretton Woods monetary system. In writing the BIS’s history during this period, Professor Toniolo has made extensive use of the Bank’s archives. He also greatly benefited from close and productive collaboration with Piet Clement, Head of Library, Archives & Research Support at the BIS and himself an experienced historian.

In this book, Gianni Toniolo has succeeded in disentangling the sometimes complex and technical issues that are at the core of central banking,
placing them in their broad historical context. At the same time he has pro-
vided a clear and often compelling narrative that makes this book accessible
and worthwhile to layman and specialist alike.

It is a good thing to look back once in a while. By gaining a better under-
standing of the past – its successes and its setbacks – we are able to make a
more balanced judgment of the present and, it is hoped, to look with more
confidence to the future. Moreover, for an international organisation such
as the BIS, it is a healthy and instructive exercise to have its past perfor-
mance evaluated by an external expert such as Professor Toniolo, who has
really steeped himself in the Bank’s history. It goes without saying that the
author’s views do not necessarily reflect those of the BIS or of its mem-
ber central banks. Having said that, I believe that Gianni Toniolo’s review
of more than four decades of central bank cooperation at the BIS offers a
sober judgment and provides many thought-provoking insights.

In my view, the book’s most important message is that, in the inter-
connected world of the twentieth and twenty-first centuries, international
cooperation (even if does not always yield tangible results) is far prefer-
able to the alternatives of indifference or, worse still, confrontation. The
1930s are a case in point. Indeed, when the need for cooperation in the eco-
nomic and financial field was more generally recognised – as was the case
in the Western world in the 1950s and 1960s – central bank cooperation as
fostered by the BIS contributed significantly to a better understanding, and
reduced areas of conflict, among different nations and thereby to positive
spillover effects on the global economy as a whole. In any case, effective
international cooperation is never to be taken for granted.

The central banks and the BIS can look back with some pride at several
successes in this cooperation. Achievements such as the European Pay-
ments Union are given due recognition in Toniolo’s work. It can be argued,
however, that it is the frank and open exchange of views, the comparison of
experiences, and the formal and informal meeting opportunities under the
auspices of the BIS that have immeasurably helped the central banks exe-
cute their responsibilities, with due regard to the international environment
in which they operate and with due attention to the implications of their ac-
tions for others.

As far as the BIS is concerned, it is encouraging to see that – by re-
main ing small, flexible, and free from political interference – the Bank
has, throughout its history, succeeded remarkably well in adapting itself to
evolving circumstances. Thus, the BIS has transformed itself in recent years
from a predominantly European organisation into a global forum for dis-
cussion reaching out to the entire community of central banks. Moreover,
in addition to its focus on “traditional” monetary policy issues, the BIS has become ever more deeply involved in supporting the efforts of central banks and financial supervisors to fulfil their joint responsibilities in the area of financial stability.

Since the financial industry has grown rapidly in size, complexity, and sophistication, it is widely recognised that nurturing the right incentives for sound financial behaviour and for managing risks and returns in a global and competitive world requires close cooperation among central banks and between them and other financial authorities. The BIS has an important role to play in the general monitoring of the global financial system, but it is especially in the areas of banking regulation, market functioning, and the payment and settlement infrastructure that central banks and other financial standard setters have relied on the services of the BIS and the committees it hosts. A prominent example of this is the recent formulation of a new capital adequacy framework for banks (“Basel II”).

The ability to adapt when change is required and to always place the needs and requirements of its constituency centre stage is also the main reason why I am convinced that the BIS still has a long and fruitful future before it.

It gives me great pleasure to commend Gianni Toniolo’s history of the BIS to the widest possible audience of interested readers.

Malcolm D. Knight
General Manager of the BIS
Basel
November 2004
One early December night I woke up in North Carolina feeling uncomfortably cold. I reached for the light switch but the room remained dark. Still half asleep, I crept downstairs to check on the fuses, and I became aware that all around me was white and that it was still snowing heavily. I soon found out that there was nothing wrong with my fuses: no light came from any of the neighbours’ windows, and the street lamps were out. In the following hours, battery-powered radios informed us that more than a million people in the area were cut off from power supply. Light, cooking facilities, heating, and running water were all gone. The network had collapsed. Under the weight of the snow, tree branches had broken off, disrupting the intricate web of electrical wires that connect individual houses with the local power lines as well as the latter with the main ones. It took several days of round-the-clock work by electrical engineers – and the cooperation of teams from neighbouring states – for light and heat to be restored to homes, schools, and offices. In the meanwhile, life was reduced to basics, if in a rather pleasant way. Most of the time was spent hunting for food and water, checking on friends, and sharing the heat in the houses of those lucky enough to possess such archaic items as coal- and wood-burning stoves.

At first, I was surprised at how easily, in twenty-first-century North America, a banal snowstorm could bring a large, sophisticated urban area back to the nineteenth century. But it soon occurred to me that one should be more surprised by the day-to-day functioning of a complex power distribution network than by its occasional failure. Our civilisation is largely based on network technology, which – though now developed to high degrees of sophistication – remains intrinsically vulnerable. Failure at just one of the connecting nodes is bound to incapacitate large segments of the net. An
act of God or man can only too easily disrupt the flow of energy, informa-
tion, fuel, merchandise, and people so vital to our daily life, as is routinely
observed in large areas of the world.

The payments system is yet another complex network technology, one
based upon sophisticated technical tools, market mechanisms, and insti-
tutional arrangements. We take it for granted that our cheques clear, that
ATMs instantly provide cash anywhere in the world, that imports are paid
for in the required currency, and that the desired amount of liquidity is avail-
able to us at any time at the lowest cost. But all this is far from being a
given, far from being put in place once and for all. In fact, as with the power
grid, we should marvel at the ordinarily smooth working of the international
payments network rather than be surprised at its occasional malfunction.

In the wake of the 11 September 2001 attacks on the Twin Towers, the
main central banks of the world issued a joint statement pledging unlim-
ited supply of liquidity for international settlements. It was an exemplary
display of prompt cooperation that was aimed at pre-empting a scramble
for liquidity that would impair the payments network. Such swift coop-
erative action has not always been taken in past emergencies. Although
central banks cooperated effectively in reorganising Europe’s international
settlements in the 1950s and in maintaining dollar–gold convertibility in the
1960s, their prewar record is much less shining. They were unable to pre-
vent or mitigate the financial crisis of 1931 and the subsequent unravelling
of the international payments system.

This book is about the successes and failures of central bankers in coop-
erating to maintain the stability and promote the efficiency of that delicate
network that constitutes the system of international payments, of which they
are the ultimate custodians. Since 1930, the main locus for multilateral cen-
tral bank cooperation has been the Bank for International Settlements (BIS),
which has provided central bankers with a venue for regular and discreet
meetings, with research on issues relevant to international payments, and
with a collective financial arm (as the “central banks’ bank”). This book is
therefore also an institutional history of the BIS from the time of its foun-

The chapters follow a chronological sequence: I know of no better his-
torical narrative than that which takes time seriously. Within each chapter,
however, the material is organised to a large extent by subject matter, deal-
ing separately with the most relevant issues in central bank cooperation and
with the Bank’s internal development and organisation. The first section in
each chapter provides a general historical background to the events in the
BIS history to be discussed in subsequent sections. The first and the last
Preface

chapters do not follow the same paradigm as the others. Chapter 1 is designed to offer a brief introduction – based more on history than economic theory – to the themes of international payments and central bank cooperation. Chapter 12 deals with two topics not previously touched upon: the early moves towards cooperation among the European Community central banks, and the meteoric rise of the eurocurrency market. The reason for dealing separately with these two topics is found in their relevance for the development of central bank cooperation beyond the period covered in this book.

The analytical narrative stops in 1973; the reader interested in the subsequent history of the BIS will only find a concise chronology of the main events. There is more than one reason why the end of this book should coincide with that of the Bretton Woods system. On the one hand the book, and its underlying research effort, seemed to have already taken on considerable dimensions; on the other hand, 1973 marked a discontinuity not only in the history of international payments but in that of the BIS as well. However, the main reason for pausing in the early 1970s concerns the availability of primary sources, which generally are subject to the 30-year disclosure rule of the main archives visited for this research. In particular, the BIS archives – explicitly protected by the Bank’s Statutes – were opened to the public in 1997, but only for records older than 30 years.

This book was largely written in Basel, a pleasant and lively city that I learned to enjoy. For a few years it became almost my second home. The Bank for International Settlements provided me with an exceptionally friendly and stimulating work environment, a most comfortable office, and all the research assistance I could dream of, but at the same time it granted me absolute freedom of research and writing. General Managers Andrew Crockett and Malcolm Knight could not have been more encouraging and supportive while simultaneously respecting and protecting the independence of my research. The views expressed here are thus my own and do not necessarily reflect those of the BIS management and member central banks.

In researching for and writing this book I accumulated a huge debt of gratitude to the large number of people who in various capacities and ways provided support and intellectual input to my work.

Piet Clement went far beyond the duties of a technically competent and intellectually refined research assistant. The chapters dealing with the London Economic Conference, the Second World War, the 1960s, and the EEC governors’ meetings would probably not have seen the light of day without his essential contribution (which, however, does not imply any responsibility on his part). Piet’s involvement was also invaluable in archival research,
all over the world, and in bridging my German and Dutch language gap. The friendship we developed over the years is yet another gift coming from this project. Piet’s wife, Greet Van Malderen, also deserves my gratitude for sharing with him the burden of his research.

Edward Atkinson provided superb archival assistance, was indispensable in organising my life in Basel, and contributed the Dramatis Personae (Annex E). I also enjoyed his proverbial English wit. Relevant and competent research input was provided by Michelangelo Van Meerten on the origin of the BIS and Stefano Battilossi on the eurodollar market. Kazuhiro Yago offered insightful comments and materials on matters pertaining to Japan. Leandro Conte and Marina Sorrentino served ably as research assistants at an early stage of the project.

My special thanks go to the friendly and supportive staff of the BIS Library and Records and Archives teams, and in particular to Maria Friesen, Arwen Hopkins, and Johannes Koch. Unobtrusively behind the scenes, Alan Mortby quietly made sure that I enjoyed all the support I needed. I am also grateful to the BIS Secretarial Service, Language Services, and print shop as well as to current and former staff members from other services for comments and assistance – in particular, Frederick Adelmann, Stephan Arthur, Joseph Bisignano, Paul Bridge, Raymond Fin, James Freis, Angela Maramag, and Jozef Van’t dack. Nigel Hulbert patiently and efficiently took care of the first round of editing of the manuscript.

Research at the BIS was extensively supplemented by a considerable number of other archival sources, in particular those of the main central banks and of several governmental institutions. This additional research was made both possible and agreeable by the professional and friendly assistance of Walter Pluym and Christa Asselman (National Bank of Belgium); Rolf Herget and K. Fitzner (Deutsche Bundesbank); Henry Gillett and Sarah Millard (Bank of England); Roland Rölker and Mascha Steinecke (European Central Bank); Mme. Cavillon-Troadec, Frédéric Grélard, and Fabrice Reuze (Bank of France); Olivier Feiertag (Historical Mission of the Bank of France); Gabriella Raitano and Sergio Cardarelli (Bank of Italy); Floris Joustra, Joke Mooij, Corry Van Renselaar, and Rian Beex (Netherlands Bank); Rosemary Lazenby and Joseph Komljenvich (Federal Reserve Bank of New York); Teresa Tortella (Bank of Spain); Mira Barkå (Sveriges Riksbank); Patrick Halbeisen (Swiss National Bank); Frau von Boeselager (Auswärtiges Amt, Berlin – Politisches Archiv); Martin Steinmann, Franz Gschwind, and Tamara Rodel (Basel University Library, Handschrift- enabteilung); Brent Svertloff (Harvard University Baker Library); Herr Roeske (Bundesarchiv Berlin); Frau Oldenhage (Bundesarchiv Koblenz);
Preface

James Boughton (IMF); the staff at the Public Record Office (Richmond, U.K.); Mr. Guindi and Bernhardine E. Pejovic (United Nations Library and Archives, Geneva); and Wayne De Cesar (NARA, College Park, USA).

Renato Filosa, André Icard, and Bob Sleeper read the entire manuscript, providing valuable comments and saving me from many mistakes. Marten De Boer contributed a reconstruction of the main time series in the BIS balance sheet. Gunter Baer, Claudio Borio, Peter Dittus, Mario Giovanoli, Guy Noppen, Günther Pleines, Philip Turner, and Bill White either read parts of the manuscript or provided input of various kinds. My old friend Pierluigi Ciocca was immensely supportive throughout. Ignazio Visco was generous in advice, as were Peter Lange and Bob Keohane.

A number of actors and witnesses of the BIS history shared memories and recollections with me: André Bascoul, Robert Chaptinel, Richard T. P. Hall, Pierre Mangeney, Helmut Mayer, Warren McClam, Günther Schleiminger, and, most of all, Michael Dealtry, who also wrote extensive comments on early drafts of some of the chapters.

A number of colleagues made detailed comments on a first draft of the manuscript. They include three extraordinarily competent anonymous readers for Cambridge University Press and a panel of specialists in the field who spent a whole day with me in Basel in June 2004 discussing every chapter in detail. The panel was composed of Michael Bordo, Forrest Capie, Pierre-Cyrille Hautcoeur, Carl-Ludwig Holtfrerich, Jaime Reis, and Herman Van der Wee. I am most grateful for their comments and suggestions, which proved to be of great help in revising the manuscript. Needless to say, the standard academic disclaimer applies to them all.

Cambridge University Press was constructive and helpful as always. Thanks are specifically due to Scott Parris and Simina Calin. Matt Darnell put on a splendid editorial performance.

A special thought goes to the memory of Paolo Baffi, who would have written this book much better than I did; for many of us in Italy he remains a hallmark of civil passion and intellectual integrity.

My debt to Francesca Sanna Randaccio – the companion of my life and a superb economist – is also intellectual. Its full extent can be entirely appreciated only by the two of us. Paolo quietly understands that I owe him a lot.

The book appears at a time when, in a number of areas, the drive to strengthen multilateral international relations is at risk of losing momentum. I hope it will make a small contribution by showing that, in a tightly networked world, there is scarcely any better alternative to painstakingly seeking multilateral cooperation. The events of the 1930s serve to remind
Preface

us that go-it-alone, autarkic, beggar-thy-neighbour policies are suboptimal for all and everybody. I also hope the book makes it clear how much patience, perseverance, and strength in weathering setbacks is required of the people – such as those who go on meeting regularly at the BIS in Basel – whose mission it is to build a more cooperative multilateral world.
Acronyms

ANB  Austrian National Bank
BCBS  Basel Committee on Banking Supervision
Benelux  Belgium, the Netherlands, and Luxembourg
BIS  Bank for International Settlements
BIZ  Bank für Internationalen Zahlungsausgleich (BIS)
BRI  Banque des Règlements Internationaux – Banca dei Regolamenti Internazionali (BIS)
C20  Committee of Twenty
CEEC  Committee of European Economic Co-operation
CGFS  Committee on the Global Financial System (G10/BIS)
COBRI  Comité d’Organisation de la Banque des Règlements Internationaux (BIS Organisation Committee)
Comecon  Council for Mutual Economic Assistance
CPSS  Committee on Payment and Settlement Systems (G10/BIS)
EC  European Communities
ECA  Economic Co-operation Administration
ECSC  European Coal and Steel Community
EEC  European Economic Community
EMA  European Monetary Agreement
EMCF  European Monetary Co-operation Fund
EMS  European Monetary System
EMU  European Monetary Union
EPU  European Payments Union
ERP  European Recovery Program (Marshall Plan)
Euratom  European Atomic Energy Community
FOMC  Federal Open Market Committee (U.S. Federal Reserve)
FRBNY  Federal Reserve Bank of New York
G10  Group of Ten countries
<table>
<thead>
<tr>
<th>Acronyms</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAB</td>
<td>General Arrangements to Borrow (IMF/G10)</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development (World Bank)</td>
</tr>
<tr>
<td>IADI</td>
<td>International Association of Deposit Insurers</td>
</tr>
<tr>
<td>IAIS</td>
<td>International Association of Insurance Supervisors</td>
</tr>
<tr>
<td>ICE</td>
<td>Independent Commission of Experts Switzerland – Second World War (Bergier Commission)</td>
</tr>
<tr>
<td>ICRC</td>
<td>International Committee of the Red Cross</td>
</tr>
<tr>
<td>IEPC</td>
<td>Agreement for Intra-European Payments and Compensations</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Office</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organisation of Securities Commissions</td>
</tr>
<tr>
<td>MC</td>
<td>Markets Committee (G10/BIS)</td>
</tr>
<tr>
<td>MED</td>
<td>Monetary and Economic Department (BIS)</td>
</tr>
<tr>
<td>NATO</td>
<td>North-Atlantic Treaty Organisation</td>
</tr>
<tr>
<td>OEEC</td>
<td>Organisation for European Economic Co-operation</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>RM</td>
<td>Reichsmarks</td>
</tr>
<tr>
<td>SDR</td>
<td>special drawing right (IMF)</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UPU</td>
<td>Universal Postal Union</td>
</tr>
<tr>
<td>WP3</td>
<td>Working Party No. 3 (OECD)</td>
</tr>
</tbody>
</table>