

The BIS after the war

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The end of the war did not end the controversy about the BIS. The Bretton Woods resolution recommending its liquidation remained on the table, with the American government pressing for its implementation. While the European central banks resisted, the BIS negotiated with the Allies about the looted gold it held. Under the agreement of 1948, the BIS returned to the Allies a quantity of gold corresponding to the looted gold it had received from the Reichsbank. The American government, for its part, withdrew its demand for liquidation.¹

The BIS then found a new role in the reconstruction of Europe. In 1950, the member countries of the Organisation for European Economic Cooperation created the European Payments Union, a multilateral clearing system that allowed the European countries to settle their trade balances without the scarce dollars. The BIS acted as its agent. The European Payments Union contributed to the liberalisation of European trade and the restoration of the convertibility of European currencies, which was achieved in 1958.²

In the following decades, the BIS supported the Bretton Woods system of fixed exchange rates through the gold pool of the 1960s and the swap arrangements among central banks, hosted the committee of governors of the central banks of the European Economic Community, which prepared the European Monetary Union, and in 1974 established the committee that would become the Basel Committee on Banking Supervision. Part F examines these developments. The institution that the Bretton Woods conference wanted to abolish became, within a generation, one of the central institutions of international finance.

1 Notes

1. On the negotiations between the BIS and the Allies after the war, the agreement of 1948 on the return of looted gold and the abandonment of the liquidation demand, see Toniolo, 2005. To be verified. ↩
2. On the European Payments Union (1950–1958) and the role of the BIS as its agent, see Toniolo, 2005; the literature on European monetary integration. To be verified. ↩

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