

The first shareholders and the first president

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The capital of the BIS was subscribed by the central banks of the countries that were parties to the Young Plan, Belgium, France, Germany, Italy and the United Kingdom, and by a Japanese banking group. The Federal Reserve System of the United States did not participate, because the American government refused to be associated with the reparations, which it regarded as a European affair, and because it was concerned about the connection between reparations and the war debts that the European Allies owed the United States. In its place, a group of American commercial banks, consisting of J.P. Morgan & Co., the First National Bank of New York and the First National Bank of Chicago, subscribed the American share.¹ Other central banks, among them the Swiss National Bank, joined in the following months.

The first president of the BIS was the American banker Gates W. McGarrah, a former chairman of the Federal Reserve Bank of New York. Its first general manager was the French banker Pierre Quesnay, of the Banque de France. The board of directors consisted of the governors of the founding central banks and of other members appointed by them. Held in Basel every month, usually on a weekend, the meetings of the governors became an institution in themselves: a confidential forum in which central bankers could discuss monetary and financial questions without the presence of governments or the press.²

The monthly meetings of the central bank governors in Basel, which continue to this day in a different form, made Basel the place where the world's monetary authorities met. Their confidentiality has been a subject of criticism, since it allowed decisions of great public importance to be prepared outside democratic control. It has also been defended as a condition of frank discussion among central bankers, who need to exchange views without the risk of moving markets by their words. Part F

The first shareholders and the first president

examines the modern governance of the BIS and the debates about its accountability.

1 Notes

1. On the founding shareholders of the BIS (central banks of Belgium, France, Germany, Italy and the United Kingdom; a Japanese banking group; a US banking group comprising J.P. Morgan & Co., the First National Bank of New York and the First National Bank of Chicago), see Toniolo, 2005. To be verified. ↩
2. On the first president of the BIS, Gates W. McGarrah (1930–1933), the first general manager Pierre Quesnay, and the monthly meetings of the board of governors in Basel, see Toniolo, 2005. To be verified. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/basel-the-first-shareholders-and-the-first-president