

The new agenda of the 1970s

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In 1971 the governors of the Group of Ten established the Euro-currency Standing Committee, which monitored the offshore markets in dollar deposits that had grown in London and other centres beyond the reach of national regulation. The committee, later renamed the Committee on the Global Financial System, began the collection of statistics on international banking that remain one of the most valued products of the BIS. In 1974 the failure of the Bankhaus Herstatt in Cologne and of the Franklin National Bank in New York revealed the risks of international banking. The governors responded by creating at the end of that year the Committee on Banking Regulations and Supervisory Practices, known later as the Basel Committee on Banking Supervision. Chapter II examines the history and work of that committee.¹

The debt crisis of the 1980s showed the BIS in yet another role. When Mexico announced in August 1982 that it could not service its foreign debt, the BIS, backed by a group of central banks, provided bridging loans to Mexico pending the conclusion of an arrangement with the International Monetary Fund. Similar bridging facilities followed for Brazil, Argentina, Hungary and Yugoslavia. The operations confirmed the ability of the BIS to act faster than the Bretton Woods institutions, although they also exposed it to criticism that it was protecting the creditor banks of the industrial countries.²

1 Notes

1. On the Euro-currency Standing Committee (1971), renamed Committee on the Global Financial System in 1999, and on the founding of the Basel Committee at the end of 1974, see Charles Goodhart, *The Basel Committee on Banking Supervision: A History of the Early Years 1974–1997*, Cambridge, 2011, chapters 1 and 2; BIS history pages. To be verified. ↩

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2. On the BIS bridging loans to Mexico in 1982 and to other debtor countries during the debt crisis of the 1980s, see the BIS Annual Reports for 1982/83 and 1983/84; James M. Boughton, *Silent Revolution: The International Monetary Fund 1979–1989*, IMF, 2001. Countries and details to be verified. ↩

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