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From gentlemanly capitalism to lobbying capitalism: the City and the EEC, 1972–1992

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The City of London has long attracted much academic and popular attention. However, little research has been done on the relationship between the City and the European Economic Community in the 1970s and 1980s, despite the accession of the United Kingdom in 1973. Based on archival material from central and commercial banks in the UK and France, this article explores the relationship between the City and the EEC, from the accession of the UK to the EEC in 1973 to the Maastricht Treaty in 1992, which was meant to be the year of the completion of the single financial market. The article explores two areas: the influence of the City on EEC financial regulation, and how this influence was exerted. It pays particular attention to two committees chaired by the Bank of England, the City Liaison Committee and the City EEC Liaison Committee, and to British banks. The article argues that if the EEC played a part in the formalisation of British banking regulation, the City also played a key role in shaping EEC plans for financial regulation.

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The City of London has long attracted much academic and popular attention. Its political influence, in particular, has been a recurring theme of debate over decades. That was also the case in Youssef Cassis's early work on City bankers and financiers of the late nineteenth and early twentieth century (Cassis 1984, 1987, 1994). In the sections addressing this question in his early books, Youssef Cassis analysed if and how City bankers imposed their views on the British government and stated in particular that such influence was not so much exerted by pressure groups or through the Parliament, but more through informal and regular contacts between the political elite and the City elite. Cassis further argued that there was no need for the City to really pressure the British government because the City's

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interests and the government's interests often coincided. Despite a wide literature on the City, however, its relationship with the European Economic Community (EEC) is still underresearched.

This article explores the relationship between the City and the EEC, from the accession of the UK to the EEC in 1973 to the Maastricht Treaty in 1992, which was meant to be the year of the completion of the single financial market. Based on the archival material of the Bank of England, the British Bankers' Association, several British commercial banks, the European Union, and, for comparative purposes, the Bank of France, the French ministry of finance oral archives, and several French commercial banks, the article explores two areas: the influence of City actors on EEC financial regulation, and how this influence was actually exerted. It pays particular attention to two committees chaired by the Bank of England, the City Liaison Committee and the City EEC Liaison Committee, and to British banks. The City Liaison Committee was an organisation which had been reorganised by the Bank of England in the early 1970s at the prospect of the forthcoming entry of the United Kingdom to the EEC, with a view to discussing and defending the interests of the City. It was not meant, however, to focus on EEC issues exclusively, and it soon created a subcommittee, the City EEC Liaison Committee, to deal with EEC affairs. The article argues that if the EEC played a part in the formalisation of British banking regulation, the City also played a key role in shaping EEC plans for financial regulation.

Since the concept of 'gentlemanly capitalism' was forged by Cain and Hopkins in the 1980s to highlight the weight of the City in nineteenth-century British imperialism (Cain and Hopkins 1986, 1987), much work has been done to support or oppose their argument. Michie and Williamson, in their collective book on the City of London and the British government in the twentieth century, tended to revise this view, stressing that the City was heterogeneous and did not have one single view on any political issue, while the government was not monolithic either (Michie and Williamson 2004). The relationship between the Treasury, the Bank of England and the City was not as close as commonly thought either. Although the concept of gentlemanly capitalism was framed in the context of a debate on the antagonism between industry and finance in nineteenth-century Britain (Daunton 1989), it soon became closely associated with the City and its club-like organisation and informal regulation, where mutual trust and acquaintances played a major role. In this perspective, a recurring theme in the literature has been the end of this classic, club-like, and informally regulated organisation of the City. Volume IV of Kynaston's monumental history of the City, on the period 1945–2000, is entitled 'A Club No More'. Kynaston stresses the transition to a new world, marked by formal regulation, new institutions, and where traditional networks and reliance on instincts and trust had given place to a heartless world of analyses, anonymity and greed. Several publications have talked about the 'death of gentlemanly capitalism', with the invasion of foreign institutions, particularly in investment banking (Augar 2000; Roberts 2005). As early as 1981, Moran analysed the profound changes that the City was going through, and

the impact this had on the way it exerted influence over British politics, from a social style of incorporation to a formal and direct style of incorporation (Moran 1981). In his analysis of the British regulatory state, Moran argued that the 1970s was a period of revolution in the British style of regulation, where the club-like, informal and gentlemanly approach to regulation was replaced by a much more formal and fragmented approach (Moran 2003).

This theme of traditional club-style approach to regulation is closely intertwined with that of political influence, another long-debated theme of the historiography of the City. Davies has scrutinised the relationship between the Labour government and the City between 1959 and 1979, focusing on the specific issues of the 1960s and 1970s, in particular the development of insurance and pension funds, of growth of the Eurodollar market, and the rise of inflation (Davies 2017). He stresses the role of lobbying by think tanks and City actors, and pays particular attention to the Committee on Invisible Exports, created in 1966 to promote the City's contribution to the UK's balance of payments, and which would have an enduring role in defending the City's interests in international forums. However, he does not pay attention, like most of the existing literature, to the City's institutional response to the British entry to the EEC. The City Liaison Committee and City EEC Liaison Committee played an important role in that matter.

The question of the political influence of the City also relates to much debated questions in political science, such as the importance of corporatism or, conversely, of widely distributed interests among businesses in business–government relations, the respective influence of market forces and politics, and issues of collective actions within business organisations (Woll 2006; Coen, Grant and Wilson 2010). In the specific area of the EEC/EU, the nature of the political system of the EU and the Europeanisation of interest representation have also attracted much work. The micropolitical approach to these questions has led to an interest in a political theory of the firm (Coen, Grant and Wilson 2010). Of course, measuring pressure group influence is difficult (Grant 1995). The City was not a coherent entity with only one voice; it is also difficult to assert that one specific action its members conducted was instrumental in shaping a regulation. On top of that, City actors were never alone in pushing or resisting a regulation or an aspect of a regulatory proposal. There were always alliances and compromises with other countries. The City was not really a 'policy entrepreneur' because its members did not really welcome the formal regulations that the EEC developed, which was very different from the traditional informal approach to regulation of the City's financial community. However, City actors were very active in defending their interests in the context of the accession to the EEC, and were eventually satisfied with the outcome of the Single European Market.

Despite the diversity and quality of the literature, little has been written on the relationship between the City and the European Economic Community in the 1970s and 1980s, a period which by all accounts was one of dramatic change also for the history of the City, and despite the accession of the UK in 1973. Sargent has analysed the role

of the British Bankers' Association as a pressure group in the EEC, but only focusing on the 1970s and on the British Bankers' Association, and not on the City, on how influence was actually exerted, or on the formalisation of British financial regulation (Sargent 1982). Josselin, on the other hand, mostly focused on the late 1980s and on how the EEC integration process affected 'policy networks' in France and the United Kingdom (Josselin 1997). Neither of them paid much attention to the coordinating role of the City Liaison Committee and City EEC Liaison Committee, chaired from the 1970s onwards by the Bank of England. Yet taking into account this institutional structure is important for understanding properly the institutional response of the City as a whole to the accession to the EEC, and the broader impact of the City on EEC financial regulation. More generally, there has been little archive-based research on the adaptation of the City to the EEC. When looking at international factors of change in the City's history, most of the literature has looked at the United States. Yet the EEC part of the story was important for two reasons. First, in the European discussions on financial regulation in the 1970s and 1980s, the 'informal' style of regulation, seen as typical of the United Kingdom, was systematically opposed to the 'continental' – more formal – style of regulation of other EEC countries by British financial actors and central bankers. Was the formalisation of British regulation a 'Europeanisation'? This point has been raised by several scholars, although mostly focusing on the state and not on private actors (Dyson 2000a, 2000b; Moran 2003, pp. 164–71). Second, if the EEC has had an impact on City life, what was the influence of the City on EEC banking and financial regulation in return? This question, like the involvement of non-state actors in European integration more generally, is still underexplored in the literature. City actors and in particular British banks adapted very successfully to the world of organised lobbying, and in this field, they were at the forefront rather than lagging behind. The article will first assess the influence of City actors and of the UK more generally on EEC financial regulation, and then examine how this influence was exerted.

I

The City's adaptation to the accession to the EEC proved rather successful. When looking at the three areas of insurance, banking and securities activities, the UK often had a key role in opposing moves in one direction or supporting moves in another. In the early 1970s, the UK was instrumental in watering down the first banking directive proposal of the European Commission, which was considered too formal and ambitious (Sargent 1982). The proposal had triggered a widespread rejection by the British financial actors who saw it as an attempt to increase regulation in the United Kingdom. Until the early 1980s, the British banks looked at European plans in banking and financial spheres with considerable distrust and, although they favoured EEC membership in general, were opposed to the plans for harmonisation – understood as a convergence with continental regulation – in banking regulation (Drach 2020). This section explores the influence – or at least the satisfaction – of the

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British financial industry in the field of banking, insurance, capital movement liberalisation and securities in the EEC.

The British banking community was successful in shaping the second banking directive of the EEC. This directive, enacted in December 1989, was an important piece in the establishment of a common market in banking because it embodied the adoption of the mutual recognition principle, which the British Bankers' Association (BBA) had long supported,[1] and ensured the freedom to establish and provide services throughout the Community. Indeed, the idea of recognising each member state's regulatory system as sufficient for authorising banks to establish and provide services throughout the Community (the mutual recognition principle) had been promoted by a European Banking Federation (EBF) discussion paper drafted by the BBA in 1981,[2] and by an IBRO (Inter-Bank Research Organisation, an organisation close to the British Bankers' Association)[3] research paper in 1980.[4] Overall, the BBA was satisfied that the directive, which had a long story, evolved from a focus on harmonisation to one of mutual recognition, much more liberal in principle, and was combined with other liberalisation measures, such as the liberalisation of capital flows. The BBA exerted influence by coming very regularly to the Commission, suggesting changes in proposals and contacting the DG XV directly to express their views, and through taking a very active role in the EBF, as we shall see in the next pages. The City Liaison Committee also played in role in channelling the BBA and other City organisations' views to the British government and the British representation in Brussels.

The main subject of disagreement between countries and between banks from various countries on this directive was the question of reciprocity: the French banks and government, in particular, wanted to introduce a reciprocity clause in the directive to gain some leverage on non-EEC countries, for instance on Japan, when negotiating their entry to the European market.[5] In particular, French banks complained that access to the Japanese market was difficult; they proposed that, if a

[1] London Metropolitan Archives (henceforth LMA), British Bankers' Association (henceforth BBA) documents, M 32329/7, 'Development of the banking system in the European Community', background paper no. 24 for the visit to Brussels on 9–11 Nov. 1981.

[2] Ibid.

[3] The Inter-Bank Research Organisation was founded in 1968 by the London and Scottish Clearing Banks as a research unit of the British banking community. It conducted studies on money transmission, international banking, employment in banking and the future of London as an international financial centre. Its first director was James Robertson. See Baxter 1974.

[4] LMA, BBA documents, M 3227B/5, 'A common market in banking in the European Community', discussion paper, Inter-Bank Research Organisation, undated but circulated in Jan. 1980.

[5] Bank of France Archives (henceforth BFA), 2150200701/38, annual report of the Association Française des Banques 1987; Société Générale Archives (henceforth SGA), 81075, note from Marc Viénot, chairman of Société Générale and of the International Affairs Commission of the Association Française des Banques, to the Board and Central Committee of the European Banking Federation, 23 Apr. 1987.

truly common banking market was established in the EEC, access to this EEC market by Japanese banks should be conditional upon equal access in Japan by EEC banks. The British government and the City, on the other hand, were radically opposed to the whole idea of reciprocity as they feared it would damage the attractiveness of the City as an international financial centre. At the July 1988 meeting of the City Liaison Committee, Sir Jeremy Morse, president of the BBA and of Lloyds Bank, stated that 'the BBA were at one with the UK Government in seeking clear deregulation of markets and in seeking to avoid the erection of barriers round the European Community'.[6] A fierce political battle took place on the question.[7] Eventually, the British view was satisfied, and no strict limitation was enacted.[8] The BBA was also influential in two other areas of the second banking directive: the definition of 'credit institutions' to which the directive would apply (the scope of the directive), and the inclusion of securities services in it. On the first point, the BBA wished to maintain the definition used in the 1977 directive, considered as rather restrictive, because it would allow banks, and not other financial institutions, to conduct a whole range of activities across the EEC. The 1977 definition was eventually retained in the final directive. On the second point, they stressed the importance of including securities services in the directive during European Banking Federation (EBF) discussions, which they thereafter obtained from the Commission.[9]

British influence was also important in the field of insurance. In 1978, the EEC had enacted a directive on co-insurance which was supposed to foster the development of insurance activities throughout Europe, but had not resulted in any commercial benefit for British insurers, who had complained accordingly, because national restrictions in other states had limited the effect of the directive.[10] Four cases in this area (relating to four countries: France, Germany, Denmark and Ireland) were brought to the European Court of Justice. These cases pitted the Commission, supported by the UK and the Netherlands, against France, Germany, Denmark and Ireland, supported by Belgium and Italy. In December 1986, the European Court of justice issued a ruling declaring illegal existing national regulations blocking cross-border provision of insurance services.[11] This ruling further unlocked the negotiation of the second

[6] Bank of England Archives (henceforth BEA), 6A395/16, 'City Liaison Committee meeting: 6 July 1988', 8 Jul. 1988, p. 2.

[7] Historical Archives of the European Union (henceforth HAEU), MID 138, 'Interview with Mr Bernard Schneiter: Vice Delegate General for Community Affairs at the Association Française des Banques', 17 Dec. 1992.

[8] BFA, Bernard L'homme, 'CEE – Deuxième directive de coordination bancaire', *Banque*, 503 (Mar. 1990), p. 319.

[9] LMA, BBA documents, 32423, 'Brief for the E.C. Banking Federation 60th board meeting – Athens – 30th October, 1987'; Lloyds Banking Group Archives (henceforth LBGA), HO/Ch/Mor/154, 'Minutes of the 60th meeting of the board – Athens, 30th October 1987', 24 Nov. 1987.

[10] BEA, 6A404/32, 'Record of a meeting of the City EEC Committee held in the Oak Room, Bank of England, on Friday 18 April 1986', p. 5.

[11] BEA, 6A404/32, 'City EEC Committee background note', Apr. 1986, p. 11.

non-life insurance directive, which was enacted in June 1988. The UK had been particularly instrumental in both processes. As usual, influence was exerted through several channels. For the ruling of the European Court of Justice, it was the European Commission which led the case against Germany, France, Denmark and Ireland, and which received the official support of the British and Dutch governments, with strong support from the British insurance industry. In the case of the 1988 second non-life insurance directive, British insurers combined multiple approaches. They pleaded their case directly to the European Commission and briefed members of the European Parliament involved.[12] As early as 1976, when the proposal for the second non-life insurance directive was submitted, the British Insurers' European Committee (BIEC) declared that 'taken as a whole it is a very acceptable document, and its overall effect is to recommend that the draft directive should go forward'.[13] British insurers, and, indirectly, the City Liaison Committee, were also active in convincing the British government to defend their interests. In July 1978, the British Insurers' European Committee and the UK Insurance Brokers' European Committee had advocated the importance of this directive to the House of Lords Select Committee, which had eventually concluded 'that it was essential to the interest of the UK insurance industry that this directive should be adopted and implemented without delay'.[14] Year after year, the records of the City EEC Liaison Committee show an unfailing support for the directive, and an equivalent frustration at its slow progress, due to the number of technical problems or lack of interest from other member states. At the July 1988 City Liaison Committee meeting, the Bank of England governor praised the issuing of the directive, which had 'long ranked high on our list of desirable measures'.[15]

In the 1980s, the City, and the British government, also supported the liberalisation of capital movements in the Community. The Treaty of Rome, which had established the EEC, already contained provisions for the liberalisation of capital flows in the EEC in its article 67. A few measures had been taken in that direction in 1960 and 1962, but the question had turned into a political deadlock, in particular because of the reluctance of several member states to lose control over their monetary policy (Bakker 1996).[16] In the EEC debates, the question of the liberalisation of capital movements primarily revolved around monetary issues: controls, where they existed, were meant to help fight inflation or to protect currencies against speculative

[12] BEA, 6A404/8, 'Note for Bank of England City – EEC Committee 12th July 1976', A.R.B./B.I.E.C., 29 June 1976.

[13] Ibid.

[14] BEA, 6A404/11, 'City EEC Committee – February 1979', background note for the Feb. 1979 meeting, p. 7.

[15] BEA, 6A395/16, 'City Liaison Committee: 6 July 1988: speaking note', draft, 1 Jul. 1988, p. 2.

[16] BFA, 1357200901/229, 'Extrait du compte rendu monétaire des 17 et 18/10/83, IV. Intégration financière', 3 Nov. 1983.

attacks. The German government, which was the most outspoken supporter of capital movement liberalisation, also did so for monetary reasons, as it conceived liberalisation as a healthy constraint on governments' economic and monetary policy. In the UK, however, the support for liberalisation of capital movements was also linked to business interest, as financial institutions hoped to expand their business with free movement of capital. The Committee on Invisible Exports, representing the City's interests, had promoted the abolition of exchange controls in the UK since the late 1960s (Davies 2017, p. 170). In February 1978, an internal note at National Westminster Bank, drafted in preparation for a lunch with the British EEC commissioner Christopher Tugendhat, expressed the view of British banks on exchange controls, which were still in place in the UK.[17] It argued that 'the present exchange control regulations are an inhibition on the activities of the City of London and place an unreasonable burden on the banks in London'.[18] While the British exchange controls were abolished in October 1979, the wider question of capital movements in the EEC persisted (on the abolition of exchange controls in the UK, see Capie 2010, pp. 766–72). In a 1980 study by the Inter-Bank Research Organisation already mentioned, the author repeatedly stated that exchange controls and withholding taxes on bank interest paid to non-residents were more important barriers to integration than the lack of harmonisation in banking legislation.[19] In a 1983 internal report from the French central bank on how that question was debated at the October 1983 meeting of the EEC Monetary Committee, the French member stated that the United Kingdom, the Netherlands and Germany supported without any reservation the liberalisation of capital movements in the Community, for both theoretical and practical reasons.[20] In this respect, Abdelal's claims that France was leading the way towards liberalisation is exaggerated, as the French records show only a late endorsement of a *progressive* liberalisation, and on the condition of better economic coordination in the EEC, whereas the UK, like Germany, favoured rapid and full liberalisation.[21] The pressure from the City's organisations for the liberalisation of capital movements took various forms, as different professional associations called for it in their own requests on various matters: the BBA did so when commenting in 1980 and 1981 on the conditions for a real common market in banking, and the securities industry also favoured it when reacting

[17] Royal Bank of Scotland Archives (henceforth RBSA), National Westminster Bank (henceforth NWB) records, NWB/2533, untitled note to M. Leigh-Pemberton, chairman, 9 Feb. 1978.

[18] Ibid., p. 2.

[19] LMA, BBA documents, M 3227B/5, 'A common market in banking in the European Community', discussion paper, Inter-Bank Research Organisation, undated but circulated in Jan. 1980.

[20] BFA, 1357200901/229, 'Extrait du compte rendu monétaire des 17 et 18/10/83, IV. Intégration financière'. 3 Nov. 1983.

[21] BFA, 1357200901/229, 'Extrait du procès-verbal de la 221^{e} séance du Comité des gouverneurs. 12 janvier 1988'.

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to the first directive proposals in capital market activities in the mid 1970s.[22] In March 1985, when preparing for a meeting with the British ambassador to the EEC, Sir Michael Butler, one member of the BBA wrote to another: 'The banks should support all efforts of the Commission to reduce barriers to cross-frontier services business, no matter whether the immediate beneficiary is insurance, investment or any other service: all freedom of services directives are valuable building blocks against national protectionism and towards a common market in banking and finance.'[23] He further stated that the 'BBA is … wholly supportive of the Commission's efforts to break down the barriers to international private and public and capital flows, and to open up the investment markets of the EEC to allow investors a freer choice of homes for their savings.'[24] The eventual liberalisation of capital movements, which was enacted through a directive in June 1988,[25] was not the result of the City's pressure alone, however: the German and the Dutch governments had also been strong supporters of capital movement liberalisation, and France's 1983 turn from expansionary to stability-oriented policies played an important role too. Lord Cockfield and Jacques Delors, president of the Commission, were also instrumental in putting the liberalisation of capital movements high on the agenda of the Commission. The City's organisations were part of a wider group favouring the liberalisation of capital movements.

City actors were also influential in the area of securities activities. First of all, the British commissioner in charge of financial institutions, Christopher Tugendhat, played a key role in initiating the Commission's work for a greater integration of European securities markets in 1980.[26] Secondly, in December 1985, the enactment of the directive on the undertaking for collective investment in transferable securities (UCITS directive) was an important step in the realisation of the European securities market, and had been promoted by the Bank of England and City EEC Liaison Committee (CELC).[27] It enabled unit trusts and other similar kinds of financial institutions to market their units, which were close to shares but with legal and pricing differences, throughout the Community, as long as they were authorised by one member state.[28] The origins of the directive dated back to the

[22] BEA, 6A404/5, 'City/EEC Liaison Group: Report regarding progress of directive on the co-ordination of legislation relating to collective investment undertakings for transferable securities', 8 Jul. 1975.

[23] LMA, BBA documents, M 32459, letter from Robin Hutton to R. J. Dent, 'Meeting with Sir Michael Butler', 7 Feb. 1985, p. 1.

[24] Ibid., p. 2.

[25] Council Directive of 24 June 1988 for the implementation of Article 67 of the Treaty (88 / 361 /EEC).

[26] LMA, BBA documents, M 32329/6, 'Development of European securities markets systems', briefing paper 2 for the BBA visit to the EEC Commission of 27–28 Apr. 1981.

[27] BEA, 6A404/31, 'Record of a meeting of the City EEC Committee held in the Oak Room, Bank of England on Friday 15 November 1985', 15 Jan. 1986, p. 4.

[28] BEA, 6A404/32, 'City EEC Committee background note', Apr. 1986, p. 17.

early to mid 1970s, as part of the Commission's plans for promoting the freedom of financial services. The British financial industry (in particular the Association of Unit Trust Managers and the Association of Investment Trust Companies) was, from 1975 on, broadly in favour of the directive, as it considered it had been devised in close consultation with the private sector, and was associated with a partial liberalisation of capital movements.[29] However, the adoption was blocked for several years at the Council level. Here again, the City EEC Liaison Committee and its member associations conveyed their views through contacts with the Department of Trade and Industry, the Bank of England, the Treasury and the Commission, but the impasse was largely due to disagreements at the government level between other member states. Eventually enacted in December 1985, it was the first directive of the financial sector, before banking, to apply the principle of mutual recognition. The CELC wholly welcomed this directive, but it expected that Germany would resist it, as it had resisted the 1978 insurance directive.[30] In addition, at the November 1985 meeting of the CELC, the delegate from the Accepting Houses Committee, Bartlett, raised the fact that the recent 1984 Finance Act in the UK could limit the usefulness of the directive, and that delegates from the BBA, the Accepting Houses, the Issuing Houses and the Unit Trust Associations had petitioned British ministers in this regard: the EEC directive was also used by City actors as leverage domestically.[31] Lastly, the British financial industry was also instrumental in defending the place of London in the negotiation of the Investment Services Directive (ISD), the equivalent of the second banking directive for the securities sector, in the late 1980s, even though the battle over this directive soon became primarily government-led (Warren 1995; Licht 1997). The directive proposal, which started to be discussed at the CLC in 1988, rapidly divided the North Sea Alliance (United Kingdom, Germany, Ireland, the Netherlands and Denmark) and the so-called Club Med (France, Italy, Spain, Portugal, Greece and Belgium) on the question of regulated markets. The British financial industry used a powerful alliance with Germany, and the support of the commissioner Brittan, to defend their views, which mostly consisted in defending the London Stock Exchange and its Automated Quotation System (SEAQ) against the resolute French efforts to promote the financial centre of Paris, but the situation was blocked for many years.[32] The British financial industry used the same channels

[29] LMA, BBA documents, MS 32329/2, 'Points from a conversation with Vandamme (DG XV)', 27 Apr. 1976; BEA, 6A404/5, 'City/EEC Liaison Group: Report regarding progress of directive on the co-ordination of legislation relating to collective investment undertakings for transferable securities', 8 Jul. 1975.

[30] BEA, 6A404/31, 'Record of a meeting of the City EEC Committee held in the Oak Room, Bank of England on Friday 15 November 1985', 15 Jan. 1986, p. 4.

[31] Ibid.

[32] HAEU, MID 359, 'Malcolm Levitt, European Community Adviser Barclays Bank PLC', 19 May 1993; BNP-Paribas Archives (henceforth BNPA), 'Réunion avec le gouverneur', 29 Oct. 1991.

as for other directives: contacts with the British authorities (Bank of England, the Treasury, the Department of Trade and Industry and, to a lesser extent, members of parliament), direct lobbying at the Commission and, at the DG XV in particular, use of European peak associations such as the EBF (Josselin 1997, pp. 39, 92–3, 95). After the ISD was adopted in 1993, the UK was the only country which did not require any substantial change to its legislation for implementing the directive (Ferrarini 1998, pp. 4–5). The directive was analysed as favouring London on the whole (Warren 1995).

Was the City better organised than other countries' financial sectors? While an overview of all the other EEC member states' financial sectors is beyond the scope of this article, a comparison with the French case can highlight the British specificity. French banks and financial actors usually relied more on their authorities to convey their views to Brussels, and were less involved in EEC regulatory matters in general. In particular, they relied on the Treasury, the Banque de France and the Direction des Relations Économiques Extérieures (DREE) (Josselin 1997, p. 129).[33] In addition, the French equivalent of the BBA, the French Banks' Association (Association Française des Banques), was far from having the same weight as its British counterpart.[34] In an interview given in January 1993, the financial director of the Crédit Commercial de France contrasted the sense of belonging to the City with the absence of such cohesiveness in Paris. He noted that the City was very efficient at defending its interests when needed. Like several other French bankers of the time, he lamented the lack of involvement of French banking structures in EEC matters, stating that the preparation for negotiations was so light that good results were surprising. According to him, the British and Germans were much more serious than the French, whom he compared to Asterix and Obelix before the Roman armies.[35] This does not mean that France was not influential in EEC financial matters: generally the French authorities and banking community were at least partly satisfied with the eventual outcome of negotiations. However, a substantial part of this influence was exercised by various governmental bodies, and not by the private sector directly (Josselin 1997, pp. 97, 116). In the 1970s and early 1980s, the French banks did not have, either collectively or individually, the same organisational involvement in EEC regulatory affairs as their British counterparts.

[33] HAEU, MID 161, 'Interview with Mr R. de la Serre, Financial Director of Credit Commercial de France', 15 Jan. 1993.

[34] Oral Archives of the French Ministry of Finance, Institut de la Gestion Publique et du Développement Économique (henceforth IGPDEA): interview with Christian de Lavarène, interview with Claude Pierre-Brossolette, interview with Dominique Chatillon.

[35] HAEU, MID 161, 'Interview with Mr Bernard Schneiter: Vice Delegate General for Community Affairs at the Association Française des Banques', 17 Dec. 1992, p. 3.

II

The influence of City banks and financial institutions drew on an efficient institutional and personal network. This section explores the formal and informal contacts that existed between City actors and the EEC. Overall the British entry to the European Community triggered substantial institutional effort on the part of the City and the Bank of England to defend their interests. Even though it had to cope with a diversity of views, entry to the Community prompted a defensive move by the City which enabled more cohesiveness than there usually was in the face of a common enemy.

Within the City itself, entry to the EEC triggered an efficient institutional response in the early 1970s. In 1972, the governor of the Bank of England took the chair of the City Liaison Committee (CLC), which had been initially created in 1965 to provide support to the City member of the National Economic Development Council.[36] The CLC was made up of high-level officers of various City institutions and became a forum for coordinating and defending the interests of the City as a whole. The reorganisation of the CLC by the Bank of England in 1972 was closely linked to the coming accession of the UK to the EEC. However, the City Liaison Committee was not meant to focus exclusively on EEC matters and technical details, and a subcommittee was soon created to handle these questions, the City EEC Liaison Committee. In what looked like a panic among City actors in view of what they considered, somewhat indistinctly, as a 'continental' model of statutory, formal and dirigiste regulation, the Bank of England seized the opportunity to organise and coordinate the City response. It organised a preliminary meeting of City interests at the Bank of England in July 1973, where the participants discussed the best ways and channels to have an influence on the Commission.[37] In an internal note on the meeting, the chief cashier of the Bank of England, who chaired the meeting, argued that the merit of this meeting was that it had enabled 'those present to exchange information and views among themselves'.[38] This was one of the main reasons for such an organisation: to complement the bilateral contacts which existed between individual associations or sectors and the Bank of England with multilateral contacts where all the City interests could inform each other of their concerns and progress. The chief cashier considered the meeting positively: 'I think we have established here a useful bit of machinery.'[39] By the end of the year, the City EEC group, with Peter Cooke as chairman, was established as a subcommittee of the City Liaison Committee.[40] The City EEC Liaison Committee usually met three times a year, and each meeting addressed general EEC development plus the following themes:

[36] BEA, 6A395/16, 'The City Liaison Committee (CLC)', undated but circulated in 1990.
[37] BEA, 6A604/1, 'EEC: City interests', 19 Jul. 1973.
[38] BEA, 6A604/1, untitled note to the governors, 24 Jul. 1973, p. 1.
[39] Ibid., p. 1.
[40] BEA, 6A604/1, letter from Cooke to Wild, 27 Nov. 1973.

taxation, insurance, capital markets, credit institutions and company law.[41] In preparation for these meetings, the secretary of the City EEC Committee received background notes from the member associations. The Bank of England set up a wide information-gathering process drawing on the members themselves and on a network of institutions in Brussels and London. In order to convey the concerns expressed in these groups to the British government, the City EEC Liaison also sent the background notes and minutes of each meeting to the Treasury, the Department of Trade and Industry, the Foreign and Commonwealth Office and the Cabinet Office.[42] In addition, the CELC often invited special guests to address specific issues.

About ten years after the UK accession to the Community, the 'EEC shock' had been absorbed and efficient institutional structures were in place to convey the City's and sectoral views to the British government and the European Commission. Several subcommittees, in addition to the EEC committee, were now in place. As these subcommittees were doing most of the work, the governor decided to stop the regular meetings of the top umbrella committee, the CLC, and only call them when necessary.[43] As a result, there was no meeting of the CLC between March 1983 and 1988. However, in 1988, as the European machinery was engaging in an ambitious programme for the completion of the single market by 1992, with very serious stakes for the financial sector, the City Liaison Committee was convened again on a regular basis.[44] Once again, it was EEC activity that had revived the CLC, even though it was not supposed to focus on EEC matters exclusively.

The British Bankers' Association (BBA) was another key actor of the City and was also revived by the UK accession to the EEC. Created in 1920, it had been dormant for some time, but the British entry to the EEC gave it a prominent role (Sargent 1982, p. 271; Cassis 1994, p. 277). The BBA was particularly well organised concerning EEC matters. It played a dynamic role in the European Banking Federation itself, regularly calling for a better organisation or a stronger lead.[45]

After joining the EBF as the result of the British entry to the EEC, the BBA regularly pushed for a stronger and more dynamic Banking Federation. In 1977, Tom Soper from Barclays considered that the resources of the EBF, in particular the size

[41] BEA, 6A404/29, 'City EEC Committee – July 1984', background note for the July 1984 meeting; BEA, 6A404/30, 'City EEC Committee – March 1985', background note for the March 1985 meeting.

[42] BEA, 6A404/29, 'Whitehall involvement with the City EEC Committee', City Committees Secretariat, 1 Mar. 1984.

[43] BEA, 6A395/15, letter from Robin Leigh-Pemberton, governor of the Bank of England, to Eric Faulkner, president of the British Bankers' Association, 30 Jan. 1984.

[44] BEA, 6A395/15, 'City Liaison Committee Meeting, 17 February: Completing the Internal Market', note for the record, J. A. A. Arrowsmith, International Division, 19 Feb. 1988.

[45] LMA, BBA documents, MS32348/2, 'Discussion paper on the role of the EEC Banking Federation', 16 Jan. 1978; LMA, BBA documents, M 32459, letter from J. B. Atherton, secretary-general of the BBA, to D. M. Child, National Westminster Bank PLC, 11 Mar. 1985.

of its staff, had to be increased, stating rather blatantly: 'the present contribution, high as it is, is not really worth the money … We should, in short, either pay more or get out.'[46] Not seriously considering getting out, Soper then listed desirable objectives to make the EBF more efficient, besides increasing its resources, such as striving to get early information and influence on the Commission's work on a new directive, and acting through national government institutions and the UK representation office in Brussels (the UKREP), when a directive was in the hands of the Council. Not all member associations shared the BBA's desire to reinforce the EBF, however, and in 1978 a member of the BBA lamented the reduction of its secretariat and suggested areas to improve, such as a closer relationship with commission officials or an improvement of the EBF machinery enabling it to learn the initial thinking of the Commission at an earlier stage.[47] It also suggested making EBF internal divisions explicit rather than providing consensual but weak views, staffing the EBF working groups with more experienced bankers who could express the views of their bank and setting up authorised alternatives in order to be able to call meetings at short notice. More generally, the BBA drafted several important papers for the EBF, such as a discussion paper on the role of the EBF itself, in 1978, or the already mentioned paper which served as an EBF discussion paper for the Commission in 1981.[48] Still, in 1983, the BBA regretted that the EBF often wished to express unanimous views, which made it adapt to the lowest common denominator.[49] In 1985, the BBA again regretted the lack of leadership by the president of the EBF.[50] If the BBA was at times disappointed by the EBF, it was also a driving force behind it.

The BBA also set up its own regular visits to Brussels. These visits usually occurred three or four times a year and the people the delegates met were diverse, ranging from DGs involved in economic and financial affairs to officials of the EBF, the UK representation office in Brussels, or members of the European Parliament (almost exclusively conservatives). Each visit was prepared with notes on all subjects of interest to banks, from banking directives and company law to consumer protection and information and consultation of employees in multinational companies (the so-called

[46] LMA, BBA documents, 32329/2, 'Visit to Brussels by Mr P. E. Leslie and Dr T. Soper, 18th–22nd April, 1977', report by T. Soper, p. 3.

[47] LMA, BBA documents, MS 32348/2, 'Discussion paper on the role of the EEC Banking Federation (available for the Board at their meeting on the 1st February 1978)', 16 Jan. 1978.

[48] LMA, BBA documents, MS 32348/2, 'Discussion paper on the role of the EEC Banking Federation (available for the board at their meeting on the 1st February 1978)', 16 Jan. 1978; LMA, BBA documents, M 32329/7, 'Development of the banking system in the European Community', Banking Federation discussion paper, background paper no. 24 for the visit to Brussels on 9–11 Nov. 1981.

[49] LMA, BBA documents, 32423, 'Briefing for the EC Banking Federation board meeting. London – 28th October, 1983. Agenda item 3 – Report by the president on his meetings with commissioners', Oct. 1983.

[50] LMA, BBA documents, 32423, 'Briefing note. EC Banking Federation board meeting, Amsterdam. Friday, 29th March, 1985. Item 6: Current affairs. Item 5: Extension of the work of the Federation 12 Mar. 1985'.

Vredeling proposal), and was followed by detailed reports on each point.[51] Such well-organised involvement in EEC affairs did not exist in the French equivalent of the BBA, the French Banks' Association. The BBA was the national association that the head of the DG XV saw most frequently (Josselin 1997, p. 141).

At the level of the European Commission, a key division for financial matters was the DG XV, in charge of banks, insurance companies and financial institutions. British influence was known for being important on that DG. In an interview given in December 1992, a French official from the French Banks' Association stated that the British banks usually managed to exert influence on the Commission's initiatives at an early stage because they had several British nationals in key places in the Commission.[52] In her study of the creation of the European financial market, Josselin also argued that DG XV had the reputation of being very British (Josselin 1997, p. 141). From its creation in 1973, to 1977, a British national, Robin Hutton, had been director of the Directorate A in charge of banks and insurance companies in the DG XV.[53] Hutton's departure from the Commission in 1977 was closely followed by British banks: 'Hutton is likely to leave the EEC some time this year. He has been a tower of strength and we must do our best to ensure that he is replaced by someone else from the City.'[54] Hutton later became a member of the BBA, and several times took part in the BBA's visits to Brussels in the 1980s.[55] From 1986 on, the director general of DG XV, Geoffrey Fitchew, was a British national, as was his assistant, Robert Hull, from 1987 on. Overall, personal contacts with various officials both in EEC institutions and in the British government were very important in the City's organisations continuous attempts to participate to the regulatory process.

Above DG XV, the UK had influential commissioners on which the City network relied: Christopher Tugendhat, Lord Cockfield and Leon Brittan. All these three commissioners had special responsibility for financial institutions and were responsible for DG XV: to some extent, the job of the DG XV's head was to assist them.[56] As a result, from 1977 until the end of the period covered in this article, 1992, all the commissioners in charge of financial regulation were British. Christopher Tugendhat played a key role in promoting the work of the Commission in the area of banking

[51] For example, LMA, BBA documents, MS 32329/6, 'Visit to the EC Commission, Brussels on 27th–28th April, 1981'; MS 32329/6, 'Report of a visit to the EC Commission and others in Brussels on 27th and 28th April, 1981'.

[52] HAEU, MID 138, 'Interview with Mr Bernard Schneiter: Vice Delegate General for Community Affairs at the Association Française des Banques', 17 Dec. 1992.

[53] BEA, 6A404/10, 'Succession of Robin Hutton', note for record, 30 Sep. 1977.

[54] LMA, BBA documents, 32329/2, 'Visit to Brussels by Mr P. E. Leslie and Dr T. Soper, 18th–22nd April, 1977', report by T. Soper, p. 2.

[55] LMA, BBA documents, M 32329/10, 'Visit to Brussels by Messr. Barber, Dent, Hutton, and Atherton. Programme', 22 Sep. 1983.

[56] HAEU, The European Commission 1973–1986. 'Memories of an institution collection', interview with Ole Bus Henriksen, director general of DG XV 1977–86.

(in particular, the Commission's early work on own funds) and securities in the late 1970s and early 1980s.[57] Himself having been a consultant for Wood MacKenzie & Co., a stockbroker company, and having held various senior positions in oil industry companies, he also had close links with City people. He was invited several times to the City EEC Committee. He was also regularly visited by BBA delegates (for example, in February and June 1980,[58] in November 1981[59] and in September 1983[60]) and by representatives from individual banks, such as National Westminster.[61] He had also been a member of the British parliament from 1970 to 1977, as the Conservative MP for the Cities of London and Westminster/City of London and Westminster South constituencies.[62] To some extent, he was a political representative of the City. Lord Cockfield, vice-president of the Commission between 1985 and 1988, was the father of the White Paper on the completion of the internal market, which had been welcomed by the City and the BBA. Leon Brittan, Commissioner for Competition from 1989 to 1995, was a key actor in the EEC's financial policy during the 'horizon 1992' period. In preparation for a lunch with Leon Brittan in January 1991, the French Banks' Association stated that with him, Thatcherite liberalism and the City's interests were well represented in Brussels.[63] The French Banks' Association tended to see him positively despite perceived cultural differences from the French, and argued that he had handled the banking directives very well.

The British financial community was also a source of expertise for the Commission. The Commission was regularly calling for an active role of banks to suggest priorities to work on in the EEC, and the BBA, as one of the most frequent visitors to the EEC and one of the most active members of the EBF, was in a key position to deliver on that matter. In 1981, the BBA drafted for the EBF a discussion paper to be sent to

[57] LMA, BBA documents, M 32329/6, 'Development of European securities markets systems', briefing paper 2 for the BBA visit to the EEC Commission of 27–28 Apr. 1981; LMA, BBA documents, M 32431, 'Briefing for Banking Supervision working party meeting Friday, 13th January, 1984', 11 Jan. 1984.

[58] LMA, BBA documents, M 32329/4, 'Report of a visit by representatives of the British Bankers' Association to the EC Commission and others in Brussels on 28th and 29th February, 1980'; LMA, BBA documents, M 32329/5, 'Visit to Brussels – Friday, 6th June 1980 by Mr A. J. Davis, Chief General Manager, Lloyds Bank Limited and Mr R. J. Medlam, Joint General Manager, Lloyds Bank Limited'.

[59] LMA, BBA documents, M 32329/7, 'Report of a visit by representatives of the British Bankers' Association to the EC Commission and others in Brussels on 10th and 11th November, 1981'.

[60] LMA, BBA documents, M 32329/10, 'Visit to Brussels by Messrs. Barber, Dent, Hutton and Atherton. Programme', 22 Sept. 1983.

[61] RBSA, NWB records, NWB/2533, 'Programme – Friday 7 July 1978', programme for a visit to Brussels by W. J. Benson, group chief executive.

[62] RBSA, NWB records, NWB/2533, 'Chritsopher Samuel Tugendhat', undated but circulated in Feb. 1978.

[63] BNPA, 'Déjeuner avec Sir Leon Brittan', Jan. 1991.

the Commission in an effort to adopt a more constructive approach towards the EEC.[64] The EBF/BBA paper substantially drew on an earlier study, the 1980 IBRO paper on the Commission's plan to establish a 'common market in banking' mentioned above. Regular contacts between the BBA and the Commission also existed through correspondence and were sometimes a way to exchange ideas. For example, in September 1984, Peter Troberg from the DG XV of the Commission wrote to J. M. Evans, assistant secretary of the British Bankers' Association, who regularly met Troberg on the occasion of his visits to Brussels. Troberg asked Evans if they could talk about the blurring of boundaries between insurance, banking and securities activities that he had studied in the US case. He particularly wanted to know to what extent such changes were going in Europe.[65] More generally, the City Liaison Committee encouraged 'practitioner input to the legislative process' of the EEC by trying to raise awareness of EEC issues in City organisations, coordinating their discussions, and fostering exchange of information and of ideas on how best to influence the regulatory process.[66] Lastly, as the biggest and the most international financial centre of the EEC, London enjoyed a high legitimacy in financial affairs, and could not be accused of lagging behind in terms of openness to EEC and foreign banks in general, a point that British banks did not fail to underline as a way to strengthen their position.[67]

Contacts of course also existed at the national level with people who accumulated several responsibilities: national, European and global. That was particularly the case with Peter Cooke, who had been adviser to the governors with special reference to the EEC at the Bank of England from 1973 to 1976, chairman of the City EEC Liaison Committee, and thereafter head of banking supervision at the Bank of England, chairman of the Basel Committee on Banking Supervision (1977–88), and member of the EEC Banking Advisory Committee, from its creation in 1979 to his retirement from the Bank of England in 1988 (Goodhart 2011, pp. 54–6).[68] The Banking Advisory Committee (BAC) was a high-level committee in charge of drafting most EEC banking regulation proposals, and was composed of delegates from member states and from the Commission. In 1984 and 1985, the BBA and Peter Cooke exchanged several letters on capital-related issues such as the use of subordinated debts and issues of international competition, while the Bank of England was reviewing its policy in the field: but it was simultaneously a Bank of England,

[64] LMA, BBA documents, M 32329/7, 'Development of the banking system in the European Community', background paper no. 24 for the visit to Brussels on 9–11 Nov.1981.

[65] LMA, BBA documents, M 32459, letter from Peter Troberg to J. M. Evans, 7 Sep. 1984, one-page document.

[66] BEA, 6A395/16, 'Letter from Chairman of BIEC European Committee to City associations', Michael Butler, 30 Jun. 1989.

[67] LMA, BBA documents, MS 32329/2, 'Note to Lord Kindersley', A.L.S., 19 May 1977.

[68] BEA, 6A395/2, 'Note to Editors', 29 May 1974.

a BCBS (i.e. global) and a BAC (i.e. EEC) question, since all three institutions of which Cooke was part were discussing it at that time.[69]

Contacts between the Commission or other EEC institutions also existed at the level of individual banks. In theory, the Commission did not favour this solution, as it preferred to deal with European organisations when talking to business associations. However, in the case of banking, the Banking Federation was considered as weak, and the Commission therefore welcomed initiatives by national associations and even by individual banks.[70] In the case of major British banks, National Westminster was considered by the Commission as the one with which it had the closest contact, followed by Barclays and Midland, while Lloyds was a bit more distant.[71] The question of direct representation in Brussels by British banks was regularly discussed internally, although they usually preferred to organise visits rather than having a permanent representation. In September and October 1981, National Westminster seriously considered opening such a representation office, partly because Midland and Barclays were themselves opening an EEC office at the time.[72] National Westminster Bank eventually decided to reinforce the existing system based on regular visits to Brussels rather than creating a new one, which was considered too costly.[73] But such contacts between individual British banks and the EEC institutions were commonplace, a feature that did not exist for French banks until the end of the 1980s, and was still then exceptional.[74]

Informality was a feature of the City that was famously disappearing, both in business practices and in regulation. Even if the EEC was not the only cause of the formalisation of City life, it did confront the City with a very ambitious regulatory agenda. Beyond the sole question of regulating financial institutions' behaviour, this agenda aimed at fostering economic integration and thereby supporting the European political project. This feature of the European project only increased in the 1980s: the 1985 White Paper for the Completion of the Internal Market designed an ambitious plan with about 300 directives to be enacted by the 'Horizon 1992', many of which concerned the financial sector.[75] However, the City found ways to protect its system and to turn regulation to its advantage. From the mid 1980s on,

[69] LMA, BBA documents, MS 32152A/004, letter from Robin Dent, BBA, to Peter Cooke, Bank of England, 10 Jan. 1985; letter from Peter Cooke to Robin Dent, 16 May 1985.

[70] RBSA, NWB records, NWB/807/33, 'Tour to Brussels 12–15 December 1972 by G. N. Brooks and S. E. Mynott', Business Development Division, Jan. 1973.

[71] Ibid., pp. 22–3; RBSA, NWB records, NWB/554/1/21, 'EC Affairs Representative Office in Brussels', note for Mr W. J. Benson, group chief executive, 17 Sep. 1981.

[72] Ibid.

[73] RBSA, NWB records, NWB/554/1/21, 'Proposed EEC Affairs Representative Office in Brussels', Eric Carter, deputy group chief executive (international business), 26 Oct. 1981.

[74] HAEU, MID 161, 'Interview with Mr R. de la Serre; financial director of Crédit Commercial de France', 15 Jan. 1993; HAEU, MID 155, 'Interview with Mr Charles Hammer; European delegate of the Banque de Paris et des Pays Bas (Paribas)', 21 Jan. 1993.

[75] BEA, 6A395/16, 'City Liaison Committee: 6 July 1988. Speaking note', 1 Jul. 1988.

the Commission's activity also seemed more attractive to the City community as it embraced a much more liberal approach to integration. The adoption of the mutual recognition principle or plans for the liberalisation of capital flows had both been called for by the BBA and the EBF in the 1981 paper, as already mentioned.[76] In a 1988 City Liaison Committee meeting, Jeremy Morse, president of the BBA and of Lloyds Bank, thought 'it was difficult not to be excited by the sense of movement' and 'overall … saw the creation of the single market as a "plus sum" game'.[77] Once again, the CLC was instrumental in raising awareness of EEC stakes in the City through the organisation in 1988 of an extensive survey on how City practitioners viewed the coming completion of the single financial market.[78]

Furthermore, by the 1980s, the global regulatory framework was changing fast, and the Basel Committee, on which the UK was well represented as Peter Cooke was its chairman, was working from 1982 on common regulatory standards in the field of capital adequacy (Drach 2019). The UK was famously instrumental in settling a secret agreement with the US on a preliminary standard measure, in order to force the other members of the Basel Committee – the Group of Ten countries plus Switzerland and Luxembourg – to accept the direction towards a formal common measure (Kapstein 1994; Wood 2005; Goodhart 2011). Capital adequacy rules played a key role in international competition for banking, and British banks, although less at the forefront of the battle than US American banks, eventually embraced this move as they also felt threatened by what was seen as unfair competition from banks from countries with less stringent capital requirements. When its interests were at stake, therefore, the UK, and the City behind it, was a key actor in the global formalisation of regulation.

III

The City exerted an important influence on EEC regulation in the financial area, a role which had been underexplored in the literature. On the other hand, the British accession to the EEC also played an important role in the transition of the City from a 'gentlemanly capitalism' to a 'lobbying capitalism' approach to regulation. At times the City was a political resource for the British financial industry to defend its interests, at other times it was the simple sum of its components. The City was also divided by competition between sectors and firms. It was not a coherent unit, and a substantial part of the influence it had on the Commission was exerted through each sector, such as banking, insurance or securities activities. However, the City proved a useful political resource on the EEC stage. It was by far the biggest financial centre, and the only global financial centre in Europe, and as such, enjoyed a high

[76] LMA, BBA documents, M 32329/7, 'Development of the banking system in the European Community', background paper no. 24 for the BBA visit to Brussels on 9–11 Nov. 1981.
[77] BEA, 6A395/16, 'City Liaison Committee meeting: 6 July 1988', 8 Jul. 1988, p. 2.
[78] BEA, 6A395/16, 'City Liaison Committee – 19 June 1989', draft steering brief, 15 Jun. 1989.

reputation and legitimacy in financial activities (Cassis 2006). In addition, the City had a more pronounced community feeling than other financial centres in Europe, and the EEC threat trigered much more cohesiveness than there usually was, as a defensive move against a common enemy. The existence of structures such as the City Liaison Committee and the City EEC Liaison Committee helped the coordination and information of financial associations on EEC matters. The influence of the British financial industry thus was not driven by the sole power of the weight of its financial centre: it necessitated the active involvement of various committees and institutions and constant contact with Brussels and the British government to exert this influence. Of course, this does not mean that the City had an overwhelming influence over EEC financial policy: EEC directives were always a compromise, so that other member states usually had a degree of satisfaction in each case. Furthermore, other countries had other channels, and these could be influential too: in France, the state played an important role in conveying the views of the financial industry to Brussels. However, the City played an important role in leaving a more important British imprint on EEC financial regulation than in other areas. In the efficient and organised reaction to defend its interests and its age-old flexible approach to regulation, the City financial community became a key player in lobbying at the forefront of the European and global formalisation of regulation. This was a somewhat paradoxical result for a City formally defending informality.

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