

Contents

1. Introduction	
Liberal Protectionism and German Bank Internationalisation.	13
1.1. The lightning rod.	13
1.2. Aims of the study.	15
1.3. State of research.	18
1.4. Conceptual framework	24
1.5. The argument in brief.	37
1.6. Sources.	38
1.7. Structure of the study.	39
 2. Financial Frontiers, 1968–1973	 43
2.1. Bonds of interest – The creation of the Gentlemen’s Agreement on DM foreign bonds, 1968–1969	 45
2.1.1. The ascent under Abs.	45
2.1.2. With the Bundesbank’s Blessing.	49
2.1.3. Concerns in Bonn?	53
2.1.4. Updating the deal: Bonds with borders	60
2.2. Banks as utilities: Swap arrangements and the foreign exchange frenzy, 1968–1972.	 64
2.2.1. Eurocurrencies: From friend to foe	64
2.2.2. Swaps, but no solutions.	66
2.2.3. Between arbitrage and regulatory avoidance.	72
2.2.4. The <i>Bardepot</i> and other frustrations.	79
2.3. ‘Domestic banking in disguise’ – Eurodollars, liquidity risk, and funding woes, 1970–1972	 82
2.3.1. Herr Abs’s preferences and American innovations	82
2.3.2. Breaking bottlenecks	85
2.3.3. Tightening the screw	90

2.4. Luxembourg looming – Beyond the purview of regulators, 1972–1973.	98
2.4.1. Shedding light on Luxembourg.	100
2.5. Conclusion: The great realignment.	104
3. Expanding Exposure, 1974–1979.	106
3.1. Burden sharing – Recycling with restraint?, 1974–1977.	107
3.1.1. Petrodollars.	107
3.1.2. Roll-over risks.	114
3.1.3. German big banks: Funding superiority.	117
3.1.4. Harbingers of Herstatt.	118
3.1.5. A new companion: Helmut Schmidt and the regulation of the Euromarkets.	123
3.1.6. Eurobonds to the rescue.	127
3.2. Market makers – Deutsche Bank's Eurobond business, 1974–1979.	129
3.2.1. Straight to the top.	129
3.2.2. Principals and agents: Chagrin at consortium banking.	135
3.2.3. Guth at the helm.	139
3.3. Banking on the Deutsche Mark – The international (mis-)use of the German currency.	142
3.3.1. Towards currency nationalism?	142
3.3.2. Revising the agreement.	145
3.3.3. Monetary control through minimum reserves?	148
3.3.4. D-Mark dominance continued.	151
3.4. Gentlemen's disagreements? Talking international banking regulation, 1974–1979.	152
3.4.1. International regulatory reform: The measurability mess.	152
3.4.2. German internal discussion: Prudential concerns and contours of consolidation.	158
3.5. Conclusion: Triple B – Bonn, BAKred, and the Bundesbank.	165
4. Recalibrating Risk, 1980–1985.	168
4.1. No place like home – Contours of consolidation and forced domestic reorientation, 1980–1982.	170
4.1.1. Structural changes in the international operations of German banks during the 1980s.	170
4.1.2. Consolidation or growth?	175
4.1.3. Deutsche Bank – the 'odd man out'.	180
4.1.4. Control or competition policy?	183
4.1.5. Framing the Fund: In search of the IMF.	188

4.2. Caution and cushion – International debt crisis, 1982–1984	191
4.2.1. German banks and the Polish crisis	197
4.2.2. Provisioning against country risk	204
4.2.3. Deutsche Bank's exposure towards debtor countries in the early 1980s	208
4.2.4. Accountability accentuated: German regulators and the debt crisis ...	213
4.2.5. Supporting the Fund and Fund support	216
4.2.6. Germany as a trailblazer: Tax deductibility of provisions	220
4.2.7. Towards global standards: Germany and the Basel Accord of 1988.	223
4.3. No dollars, no deals – Building the London bridgehead, 1984	225
4.3.1. The consequences of the debt crisis: No need to adapt?	225
4.3.2. The D-Mark and decline: Finding a dollar-based solution	231
4.3.3. Beefing up the US presence?	237
4.3.4. Credit Suisse First Boston: the main rival in the 1980s	239
4.3.5. Two ways out: Deutsche Bank Capital Markets (DBCM) and Morgan Grenfell	241
4.3.6. Securitisation: Fashion or future?	245
4.4. Monopoly lost – 'Restliberalisierung' on the domestic front, 1985	247
4.4.1. Fast forward for Frankfurt	247
4.4.2. Out of the province or outright protection?	251
4.5. Conclusion	254
 5. Conclusion	 257
 Abbreviations	 262
 List of Figures	 265
 List of Tables	 267
 Bibliography	 268
Archives and edited primary sources	268
Newspapers and periodicals	268
Books, articles, and reports	269