Monies that Matter, on the Discursive Power of the Bank for International Settlements

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Abstract

The Bank for International Settlements (BIS) and its committees perform an increasingly important systemic regulatory role on the global financial markets, as well as for national monetary policies. In this article I argue that the cooperation and coordination among central banks makes this community vital for global discourse formation around monetary policies and financial interaction. The self-image displayed in speeches and evaluations of BIS representatives indicate that the community influences national economies. Using the concept of *performativity* for analysing the power dynamics of the BIS community, the article argues that cooperating central banks have considerable influence on economic interaction both nationally and globally. The nature of this political influence is not conspiratory or intentional, but embedded in the economistic interaction within and around the BIS.

Keywords: central bank cooperation, performativity, financial regulation, monetary policy, Bank for International Settlements,
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Introduction

Over the last decades central banks have entered centre stage of the global political economy, because their decisions on interest rates, monetary policy and financial regulation construct the baseline for public and private economic activity (Hall, 2008). They were pivotal for the management of the crisis of 2008-2010, and the main actors handling the ensuing fiscal crisis in the EURO area and elsewhere. In 2012 this led The Economist to write that: ‘Central bankers have become the most powerful and daring players in the global economy.’ (Economist, 1 December 2012) This is not only a question of these institutions growing more important, it is also indicative of a vital change in the global financial and monetary systems, characterized by shifts from national to internationally coordinated monetary policies, and from political direction to globalized technocratic management of money and finance (Hall, 2008). Part of this global change is the intensified coordination of central banks through the Bank for International Settlements (BIS) aiming to achieve orderly international processes in monetary policies and financial market regulations (Strange, 1996; Simmons, 1993; Wood, 2005; Seabrooke, 2006; Baker, 2013). Central bank officials partake in this cooperation since it makes their job easier and more effective, and ideally monetary policy spill-overs and shocks from one country to another, or to the financial system as such, can be minimized or pre-empted through BIS cooperation (Sveriges Riksbank, 2015). This cooperation and coordination means that it is a system of central banks that is moving centre stage in the global economy. This move has been going on since the 1980s as the BIS and its committees has been allotted, and taken on, an increasingly important systemic regulatory role on the global financial markets. Over the same period, at the national level, central banks have been increasingly insulated from government influence. As pointed out by Seabrooke (2006) and others, this development raises questions concerning the opaqueness and accountability issues
of the BIS, its committees and boards and other bodies around it (the total assemblage often called “the Basel community’). This seclusion has characterised BIS interaction since the beginning and is integral to its design, but the development spurred by globalisation is making Seabrooke’s questions more pressing. Ozgercin (2012), for instance, shows how the private financial industry today has more influence over BIS than have memberstate governments, while their electorates is largely shut out from BIS cooperation. A considerable amount of power and influence, hence, has moved from elected governments to technocrats in central banks cooperating with each other and private financial actors under the aegis of BIS.

The BIS itself likes to describe the power it exercises as ‘soft law’, binding states normatively rather than legally to the common understandings, standards and codes of conduct produced within the monetary policy and high finance diplomacy within the BIS. Other instances of soft law are launched during mediatized global conferences such as the Rio declaration or human rights conventions. In contrast the soft law that BIS exerts is low key and technical, valid and intelligible primarily for the financial market and central bank community that congregate regularly at BIS and in its committees (Helleiner, 1994; Germain, 1997; Wood, 2005). A recent example is the discursive shift among regulators from self-regulating financial markets to ‘macroprudential regulation’ of the financial system, a shift designed and driven by BIS economists and spread through network around the Basle community (Baker, 2013). Following Andrew Baker (ibid.) I aim to show how this interaction influences and informs financial and monetary policy dynamics on a national level. Where Baker (ibid.) charts lines of influence and coercion, I will contribute to the analysis by using a performativity perspective, a conceptualization that has proven productive and elucidating in disentangling power structures and processes in many areas (e.g. Campbell, 1998; Aitken, 2006; de Goede, 2012). Leonard Seabrooke’s final argument in his article of 2006, is that the dynamics around the BIS raises several ‘critically important questions concerning the legitimacy of our global financial order.’ As we saw above, Ozgercyn (2012),
Baker (2013) and Seabrooke (2006) have provided answers to some of these questions, and by adding the performativity concept to the discussion, the redistribution of power and power mechanisms will become more evident.

**Approach and outline**

I approach this systemic shift in international monetary and financial governance with a constructivist perspective that has made major contributions to the field of Global Political Economy (GPE) over the last decades (de Goede, 2006; Fumagalli & Mezzadra 2007; Gill, 2008) While retaining central concepts of historical materialist structuralism such as capitalism, classes and exploitation, constructivist GPE opens up these concepts so that their exact content and form become dependent on the current relation between discourse and matter, meaning and power. In the post-structuralist, constructivist perspective (De Goede 2006) of this text it is the contingent dynamic between these relations that produces a specific historical situation, in other words the specific historical situation is a result of power struggles fought within, and over, discursive and material conditions (Butler, Laclau & Zizek 2000). The inclusion of economic and material structuration makes this version of constructivism empirically broader, and epistemologically closer to historical materialism, than, say, the constructivist political science of Finnemore and Sikkink (2001). Within this perspective I use the performativity concept (Butler, 2010) to disentangle and discuss the power of BIS.

Judith Butler’s performativity concept builds on Michel Foucault’s analysis of discursive discipline in combination with psychoanalysis, which foments her radical negation of the dichotomy between nature and culture. This negation led Butler to the well-known conclusion that we cannot understand our biological sex except through the contingent discourse on gender as a social phenomenon. The resulting discursive discipline makes us perform our sexuality so that the discourse – and our resistance towards it – materializes in
our bodies, clothes, behaviours, houses, etc. to the degree that the distinction between biological sex and social gender becomes meaningless. Performativity hence is ‘…/that reiterative power of discourse to produce the phenomena that it regulates and constrains’ (Butler, 1993). When Butler (2010) herself discusses what possible consequences performative agency could have for economic thinking, she argues that the concept makes the separation of politics and economics untenable (analogue to the discursive separation of sex and gender), and that performative economic agency helps to produce both of them at the same time:

Indeed, while the autonomy of the market is presumed as a necessity and a banality, we can still surely ask how that necessity and banality are established (performatively) through time, and how we understand the spatially distributed and temporally reiterative processes that characterize the performative agency of various institutions. The point is not simply that such an ‘effect’ is compounded through repetition, but that reiteration is the means through which that effect is established anew, time and again. (Butler, 2010 p. 149)

For this article I have taken this quite literally, and set out to understand how reiterative processes that characterize the performative agency central banks participating in BIS. An important distinction for the analysis is that between illocutionary and perlocutionary performativity: “the first characterize speech acts that bring about certain realities, as when judgements are pronounced by a court or federal increase rate changes are announced by the Federal Reserve chair in the US’. (Butler 2010, p. 147) Perlocutionary performativity, on the other hand, is agency exercised (through speech, trades and other acts) within the confines of conditions that make them meaningful (and more or less effective). As Austin writes perlocutionary acts need not be lingual (1975 [1955]), but produce certain outcomes by reference to a discourse which allots a specific meaning to an act that makes it part of the social dynamic and interaction that the same discourse regulates (Butler 1993).² When Baker
(2013) shows how the discursive change towards macroprudential regulation was brought about by the BIS community after the crisis of 2008, he primarily describes the illocutionary but nontransparent performativity of the BIS. My aim in the following is to shed light on the perlocutionary performativity of the institution. The empirical material analysed consists of speeches, press conference material and reports. This material does not allow us to empirically establish actual causal influence, but makes clear how BIS officials describe and understand the influence of the institution. Clarifying how the institution itself, through its spokespersons, understands its own power is an important part of understanding the global role and power of the BIS.

The text is structured in three sections. The first section is a background describing the BIS and its role; the second section is an analysis of how the discourse of the Basle community materializes, in the concluding remarks I relate the result of the analysis to the discussion about global financial and monetary governance.

**Background: Plus ça change, plus c’est la BIS**

Since the start in 1930 member central banks have used the BIS for settling payments and making gold transfers between each other. Apart from this mundane banking activity, and more important for our analysis, BIS is a venue for meetings and discussions among central bankers. One important function since the beginning (Simmons, 1993) has been to produce research and statistics to the benefit of member central banks, both to assist in their daily operations, as well as for lubricating cooperation and developing mutual understandings among members (Borio & Toniolo, 2006). After war reparations from Germany (the distribution of which was the original purpose of BIS) became irrelevant shortly after its start in 1930, BIS banking activities concentrated on different monetary issues such as the gold standard, which was not treated or used in a coordinated fashion by members during the interwar years. This made it hard for BIS to play an effective coordinating role for its
members. The establishment of European Payments Union (EPU), in 1950 directed by the Organization for European Economic Cooperation, made use of BIS’s technical facilities as central for the clearing between and interaction of European Central Banks. This was a breakthrough for the institution (Marcussen, 2009). During the first decades after the Second World War, BIS played an important global role in supporting the Bretton Woods system in the General Arrangement to Borrow (GAB) under which the G10 countries collectively supported the gold to dollar peg in the Bretton Woods exchange rate system. With the fall of the Bretton Woods exchange rate system the BIS increasingly started to focus on financial market stability. It had kept an eye on the growing eurocurrency market since the 1960s, but with financial deregulation in the 1980s and a phenomenal growth on the international financial market, the need for cooperation on these markets became more pressing (Helleiner 1994, Wood 2005).

It is important to remember that during the Cold War the economic policies of BIS member states were subjected to the security logic of the bipolar conflict, and the liberal discourse institutionalised in both BIS statutes as well as in the Articles of Agreement of the International Monetary Fund and the World Bank became ‘embedded’ in national security and social policies (Ruggie, 1982). Individual BIS member states embedded global liberalism in different ways, depending on how they related to the two sides in the Cold War and which national needs were most pressing for maintaining social stability and national security. This embeddedness also meant that central bankers’ agency was constrained by on the one hand their subjection to government decisions, and on the other hand by the adherence to the policies (e.g. regulated international financial flows) of the Bretton Woods exchange rate system. Due to its voting power in the IMF and the World Bank, the USA could use these institutions for its own foreign and security policy objectives, which made them most influential during this era (Abrahamsson, 2003). In Foucauldian terms the IMF and the World Bank wielded more discursive power and discipline than the BIS during this era, because of
their strong affiliation with the western hegemon in the Cold War and the regulated institutional design of the monetary and financial system. Central bank independence in the 1990s, after the disembedding of national economic policymaking, opened up a direct channel of discursive influence from the BIS into its member national economies. With the new independence of central banks there was a lot of leeway for acting in accordance with the BIS discourse, or in Butler’s terms, to reiterate and materialize the BIS discourse by performing it.

Discourse formation at BIS has been going on for a long time, since it was always a convenient institution for hosting various initiatives for financial stability, but as we saw above, it is only after deregulation and central bank independence that this discourse formation gains its own performative momentum. Not least since the staff and cooperating central banks of the BIS have the technical skills to craft various regulating mechanisms and rules. Since the beginning BIS operated in a comfortable seclusion from national politics (Simmons, 1993) that allowed, for instance, the Basle Committee for Banking Supervision (BCBS) to design minimum capital requirements and other rules for international banks, without substantial interference from treasuries or governments (Kapstein, 1992; Wood, 2005). Together with other, more well-known institutions, such as the OECD and the IMF, and states and central banks of financially important states, the BIS also formed the Financial Stability Forum (FSF) in 1999 in the wake of the Asian financial crisis (Soederberg, 2004). The mandate of the FSF was to analyse and propose action on issues important for international financial markets and lead the construction of a stabilizing ‘global financial architecture’. Even though this endeavour has not been entirely successful, as the last decade indicates, one of the decisions of the G20 in London in April 2009 was to upgrade the FSF to the Financial Stability Board (FSB), to give its work on global financial stability a higher and more stable institutional status. The BIS provides the secretariat for the FSB and a number of other such forums and committees. These bodies do not have any formal constitutional power.
but do research and prepare proposals for national legislation and industry-wide regulation relevant to their respective areas (Borio & Toniolo, 2006).

BIS membership has grown from 33 in 1994 to 60 as of December 2013, an expansion mainly consisting of emerging market countries and the European Central Bank (ECB). Around 80 non-member central banks use the services of the BIS for transactions and interaction among central banks. While this expansion will facilitate cooperation and mutual understanding among central banks within a globalized economy, it also brings forth the issue of keeping and maintaining the informal club atmosphere that the original members find conducive to informal and meaningful discussions. The informality of the interaction is cherished by the member central bankers, and this quality of the BIS makes it an even more suitable place for the above committees and forums. A prerequisite for this informality has been the seclusion and non-transparency of the BIS, as former managing director Andrew Crockett (2006) explains: ‘Governors [of central banks] have always seen the attraction of their low key cooperative methods in the fact that they could have informal discussions, without the need to think about communiqués or press conferences. They have valued a frank exchange of views, which is fostered by a confidential atmosphere.’ Even though the G10 still runs the institution, make up its inner circle and hold separate meetings, the original clubby nature of BIS interaction is somewhat strained by an expanding membership. Financial deregulation and the inclusion of emerging markets in global financial interaction nonetheless calls for the inclusion of central banks from industrializing countries if BIS shall remain an effective institution. If emerging markets had not been included, financial problems and crises in which these economies play a part would be partly out of reach from the institution’s influence. Apart from including developing and industrialising countries into the club, an intensified cooperation and communication with private financial market actors has also taken place. Although this has always been happening, the importance of these contacts increases with deregulation of markets and rapid expansion of the range of different financial
instruments and routines (Ozgercin 2012). In 2005 Crockett pointed out the importance of developing closer ties to private financial actors, saying: ‘.../in the area of economic trends more generally, the BIS has initiated regular low-key meetings with CEOs and CFOs of major financial institutions. An intensification of these public-private sector contacts could be of value in creating mutual understanding.’ (Crockett, 2006) Hence, in order to maintain and strengthen the position of BIS in the financial architecture, it has been necessary to put its valued clubiness at some risk. Despite expanded mandate and membership the primary role and basic institutional structure of the institution has been preserved over the years (Marcussen, 2009). This institutional stability does not mean, as Baker (2013) shows, that the discursive influence of the BIS on financial markets has been the same over the history of its existence. What it means is that there is a relatively stable institutional structure, independent of national governments, where discourse formation takes place and from which emanates a power that influences economic agency of public and private actors. Previous research (e.g. Cerny [1995], Kapstein [1992]) have pointed to the development within this institutional structure of a global epistemic community among central bankers. While some critical writers such as LeBor (2014) and Brown (2010) see this epistemic communality and clubbiness as proof of a global financial conspiracy, the following analysis describes how the influence of BIS is less intentional and more bureaucratic than that.

The BIS order of discourse

Article 19 of the BIS statutes reads: ‘The operations of the Bank shall be in conformity with the monetary policy of the central banks of the countries concerned.’ That is, member countries and their central banks are formally sovereign in relation to BIS, and states have sovereign control over financial supervision and monetary policy in a formal institutional sense. Despite this formal sovereignty, BIS officials take some pride in how it influences
member states’ central bank through ‘soft law’. This term appears in several places in BIS papers and central bankers’ statements to describe what BIS and its committees do. The difference and different uses of hard and soft law is a matter of contestation. Discussing the proper meaning of ‘soft law’ is not the aim of this paper, suffice it to say that theoretically there is not one single clear-cut definition of what soft law is, or exactly where it borders to customary or hard law, but at the centre of the concept is something that is not ‘hard’ or treaty law, but rather norms, standards and/or procedures agreed upon among states and sometimes involving also other parties (Abbott and Snidal, 2000). In constructivist terms and for the purpose of our argument here, soft law will be treated as a more or less pervasive discourse which regulates behaviour and interaction in a sphere of social interaction. When BIS describes how the exercise of soft law happens at, for instance, the bimonthly Global Economy Meeting, it is often a description of peer-pressure, persuasion and debate aiming to make one or several cooperating banks partaking in an agreed upon measure or direction as regards monetary or financial policy. The following quote from BIS economists Borio and Toniolo (2006: 22f) is a good example:

From the viewpoint of the instruments of cooperation, probably the most interesting aspect of the workings of the BIS-based Committees, pioneered in the financial regulatory field by the Basle Committee, has been the reliance on “soft law”. Setting standards through non-binding agreements reached by national authorities, implemented largely through peer-group pressure within national jurisdictions, possibly after adjustments to the local law, and with the support of market forces, has become the norm for most of the standards underpinning the [financial] architecture. Arguably, soft law is particularly well suited to financial matters, where it can provide a balance between quality,
speed, flexibility and efficiency, on the one hand, and ownership and accountability, on the other. Working together, national experts are in a good position to ensure the quality of the regulatory framework. Moreover, accountability of the experts to the national political institutions and implementation through peer-group pressure can foster close ownership.

What Borio and Toniolo give evidence to here can be described, in Butler’s terms, as informal illocutionary acts, aiming to ‘bring about certain realities’ (Butler, 2010), realities that in their turn are meant to influence agency on national financial markets and the monetary policy of member central banks. The ultimate aim of market regulation and monetary policy is to stimulate, regulate and/or make happen preferred forms of interaction on financial markets and in national economies generally. When regulation, or a changed understanding of regulation, is successful it leads to economic interaction materialising the discourse institutionalised in the regulation in question, through market actors’ reiterating of this discourse in their social and economic performance. Performativity of market interaction, hence, is what makes regulation such as the new macroprudentiality meaningful, and the specific meaning of the institutionalized discourse is what BIS interaction is aiming to define and exercise through ‘soft law’.

Production of global financial and monetary truth

BIS research provides material for the political agenda of the day, as its professional staff producing reports, statistics and analysis of the global economy, according to which soft law/discursive discipline is exercised. This high quality economics material provides vital parts of the basis for how central banks, member country treasuries and private market actors understand the globalized economy, how it works, what the current trends and problems are,
and consequently what measures need to be undertaken. The BIS is also the hub around which central banks organize and channel their own research, so that the research of its member states becomes accessible to all interested.\textsuperscript{5} Experts of the BIS ensures the academic and technical quality of regulation that national authorities agree on, and as Ozgercin (2012) describes, they team up in this with market actors to put peer group pressure on national authorities to implement the non-binding agreements from BIS meetings. Baker (2013) highlights the fuzzy character of this process, and it is of great importance that Baker has managed to trace informal illocutionary performative acts from the amorphous Basle community to the widespread nationstate acceptance of macroprudential regulation as a new discourse for financial regulation.

The BIS hence does not control or gatekeep the political agenda, but its financial economics research is instrumental in, and provides the material for, shaping this agenda. The ensuing effect is that the issues involved get dressed in the depoliticized language and theory of the economics discipline. On national level, Graham Smart (1999) describes how central bank staff process large amounts of national and international data, and how the analytical result subsequently becomes the basis for stories that the Canadian central bank executives tell the public in order to make them understand the economy generally, and monetary policy specifically, in a way that is congruent with the central bank’s policy objectives. Problems such as financial crises, which are intrinsically political in real life, come onto the agenda as specifically economic (or econometric) problems, possible to handle with the proper scientific economics techniques and instruments. But economics is not a neutral science and what kind of economics becomes regarded as the one most ‘scientific’ changes with ideological shifts of the political mainstream (Cox, 1996; Gill, 2008). If central bank executives go to Basel to take part in BIS’s bimonthly meetings, agree on a new way to understand the global economy, change the way they interpret data and reconstruct the monetary policy and financial
regulation stories of their central banks (Smart 1999), we will see changes in market planning and behaviour, as well as in economic policies, resulting from this discursive change in the BIS.

The soft law of the BIS, as exercised in the way Borio & Toniolo (2006) describe above, becomes a way to make central bankers adhere to common understandings so that a norm is established within the BIS community. Central bank executives carry this discourse to their national economies, as they go home to exercise their institutionally independent power that rewards and punishes politics according to the degree of conformity with the discourse of BIS. This discursive power was made stronger with the independence that central banks have been given during the 1990s. Even the threat of, say, raising the interest rate as a reaction to redistributive policies, has a strong disciplining effect on politicians regardless of their ideological persuasion. That BIS really makes up an *ordre du discours* is fairly uncontroversial among its officials and something that central bankers often hold forth as a quality of BIS that makes it efficient. One example is in a speech at BIS seminar in June 2005 where Jacques de Larosière⁶ said:

> In a more general way, Central Banks have played – largely through their common approach fostered by their bimonthly meetings in Basle – an essential role in the formation of an anti-inflationary consensus since the beginning of the 1980s. The fact that almost all Central Banks obtained their independence from governments during the last two decades and that they have adopted inflation targets, in one form or another, is a result of such common understanding.

What becomes evident here is that BIS and central bankers view this global change, which in the formal sense happened when parliaments and/or governments made central banks independent and gave them the job to hold inflation low and steady, as driven and designed
by central banks and the BIS community. The BIS establishment of ‘common understanding’
is not only cherished in relation to monetary policy, but equally much when it comes to
financial regulation. In his speech at Jackson Hole 31 August 2012, general manager Jaime
Caruana of the BIS stated that early in the history of Basle Committee for Banking
Supervision (BCBS) ‘regulators evolved a common intellectual framework and came to speak
a common language.’ In addition the cooperation around Basle I and II accords involved
‘information sharing based on a common understanding of how the world works.’ While
talking about the problems of monetary cooperation before deregulation Caruana said that
‘the quality of global monetary policy has advanced over the past generation, as a common
intellectual framework evolved. Indeed one could argue that monetary policymakers shared a
more thoroughly elaborated intellectual framework than did their counterparts in financial
regulation.’ Caruana’s argument here is almost a textbook example of discourse formation,
substantiating Philip Cerny’s observation from 2001.

../domestically appointed bureaucratic actors are frequently in a position
relative to their agencies’ concerns and to the interests of their main sectoral
constituencies – particularly with regards to transnationally linked economic
interests and to advocacy coalitions (cause groups) – that they will internalize
vital international and transnational dimensions into their evaluation of a range
of policy issues and potential solutions. Furthermore, they also become
enmeshed in transgovernmental networks around specific areas. This is
particularly true where they are part of a bureaucratic hierarchy – for example,
an independent central bank or a securities regulator – relatively insulated from
direct political pressures, or where a relevant and relatively autonomous
domestic policy network or epistemic community exists to support
transnationally innovative approaches (emphasis added).
As Simmons (1993) show, this discourse formation has been going on since the early days of the institution, and has been very productive for achieving the monetary and financial policy objectives of the BIS. Helleiner (2001) has pointed to the constructive and stabilizing role that BIS played during the era of deregulation, when G10 central bank cooperation established some sort of coordinated regime for financial markets. After the crisis of 2008-10, Cerny’s observations are even more important since the BIS and the Basle community around it is getting an autonomous momentum after having been allotted the task to develop new global financial regulation. To do this effectively, national politics is beginning to be pictured as a hindrance or nuisance. On the conference ‘Financial systemic risk’ in Turkey in September 2012 Jaime Caruana said, in relation to macroprudential regulation:

Policymakers need to be transparent about how policy decisions relate to their mandate and to their economic assessments. This helps anchor the public’s expectations and the holding of the authorities to account. From this perspective, it is key to ensure the adequate involvement of the central bank. One may even argue that it is preferable for the central bank to be the macroprudential authority.

This quote indicates how BIS representatives see central banks as important instruments for furthering of the Basle discourse, that this furthering is good, and that central bank officials are the proper guardians of (macroprudential) regulation. In other policy areas the elected parliaments would have been natural domiciles for the development and decision of equivalent regulation, but as regards financial regulation and monetary policy Caruana is advocating a shift of lawmaking to the central bank technocrats of, or related to, the Basle community. Caruana’s argument is a more radical articulation of, and argument for, the discursive influence that BIS representatives call ‘soft law’. The fact that Caruana can argue openly for it today, is indicative of the autonomous momentum of the BIS. Some years ago
the performative materialization of BIS discourse in central bank policy was rather hinted at by Crockett:

…/regular meetings of central bankers foster mutual moral support for price stability objectives. It can be lonely pursuing necessary but unpopular policies. I don’t think it is a complete coincidence that the battle against inflation was successfully waged by a large number of central banks at the same time. (Crockett 2006)

The ‘battle against inflation’ was fought during the same era as central bank independence was institutionalised, a change largely driven by the BIS community (if we shall believe Larosière above). During two decades, hence, the BIS achieved the objectives of central bank independence and inflation control, which strengthened the power of central banks as well as their collaboration through the BIS.

How does this matter to us?

The influence and power of BIS does not appear to be the result of a central bank conspiracy, as Marshall (2010) or Brown (2010) states, but an example of how discourse formation and maintenance can bypass national democratic deliberation. The straightforward fashion in which BIS management talks about and commends the influence of BIS and the Basle community indicates that they really do understand themselves as technical bureaucrats, rather than political actors. In the terms of Chantal Mouffe (2005), this is one significant way in which the discourse of hegemony works: political issues (such as monetary and financial policy) get de-ideologized and transferred to experts to be handled according to whatever the discourse depicts as objective truth. The people involved in this process, might very well understand their own activities as purely technical. Here we arrive at Butler’s perlocutionary performativity, according to which discourse is materialized not by sovereign intentional power or speech acts, but by actors performing according to the discourse as if it was a pre-
given reality in which natural and apolitical coordinates regulate their behaviour. The picture brought forward in the quotes above is that of BIS management themselves understanding the institution as operating within pre-given coordinates. This can obviously not be understood as BIS management believing that the global institutional framework is pre-given and natural, since the BIS has partaken and takes part in developing this very framework. In trying to understand this self-image at the pinnacle of global finance, I suggest instead that the explanation begins with the liberalist separation of politics and economics, and that the self-image brought forward by BIS leadership becomes possible thanks to two primary discursive elements. The first one is neoliberal economic theory and the liberalist singling out of economic interaction as given and driven by natural instincts, which allows BIS economists and diplomats to understand their own interaction as scientific and technical. The second one is the BIS own statutes, in itself a derivate or materialisation of the same economic discourse. I.e. the BIS itself seems to be a product of a long period of political performativity producing that which it sets out to regulate. As economists Fratianni and Pattison (2001) concludes their review of the BIS: ‘The nature of the organisation has tended to insulate the Bank from intrusive politics. The small membership has contained free riding, while at the same time not preventing the Bank from working with other countries and groups. Our judgement [of the BIS performance] is very positive’. This quote is indicative of a generally positive attitude, to be found in many a BIS report and evaluation of its own work, as regards the institutional construction of BIS. What Butler helps us see, and what gives the above quotes a specific real world meaning, is that the activities disciplined by this discourse are producing material manifestations of the discourse. Outside this technical economistic discourse, the things it disciplines and deals with are political problems dense with ideological and discursive content and conflicts.

When BIS is now developing and implementing Basle III, it is with the purpose of making private financial actors behave in a way that materializes a stable and well-
functioning post-crisis financial market. It is the discursively Basle III-disciplined financial activity that shall produce stability, the rule-guided performance of banks and bankers that shall reiterate the discourse socially and materially so as to change economic interaction in the direction supported by the BIS discourse. It is through central banks and national regulators this discourse shall get relayed into national legislation, market regulation and ultimately market actor behaviour. Holmes has shown how communication from central banks to the public is making the economy itself, when “economic agents” assimilate policy intentions into our own personal expectations, we do the work of the central bank.’ (2014, p.24) If this communication and its stories are based on executives’ interpretation of data, as Smart (op.cit) shows, and executives in BIS form a common understanding of how the world works, as Caruana states (above), then both we and central bank executives partake in a perlocutionary performative realisation of the BIS discourse. Understanding this adds one additional dimension to the discussions of BIS. In addition to being an institution with direct illocutionary but unaccountable influence (Baker 2013) in which private financial actors have considerable leverage (Osgerzin 2012), BIS cooperation is also establishing, rearranging and spreading a view of the world according to which the global economy is understood. When financial and monetary policy establishes new discursive coordinates both official and private economic perlocutional performative behaviour materializes this discourse, or in other words, influence behaviour so that it corroborates and (to some degree) realizes this view of the world.

Concluding discussion

As we have seen, BIS wields discursive power achieves to get its discourse institutionalized on national level as central banks act and talk in accordance with it. I come to this conclusion on the basis of what BIS representatives say about the institution, rather than from a causal analysis of effects on a national level. Notwithstanding this limitation, it is important to know
that this is how these representatives understand their role and work within the global system of central banking. It is also important to understand that national central banks rather than national parliaments is the preferred channel of influence of BIS and the Basle community, when changes in financial regulations and monetary policy shall make market actors behave and interact in ways that make global markets stable. The Butlerian performativity perspective helps us see how the resulting political change is a product of perlocutionary performativity, i.e. central banks and regulators acting according to the discourse as if it was a system of pre-given and natural coordinates rather than a contingent discursive discipline emanating from the BIS. At the same time the self-image of BIS representatives, as technical experts rather than political actors, makes them disregard the political influence of the institution. But as Butler (2010) also points out, performativity is never absolute but discourse always fails to regulate interaction to some degree, and if stability has been the purpose of the last decades of financial diplomacy recent history the last crisis “highlights this failure at the heart of financial performativity (ibid)’. One can regret this, and ask for more straightforward treaty regulation (instead of “soft law” and the naming and shaming of states that fail to implement regulation recommended by the BIS community) as Greene and Boehm do (2012). If the efficient achievement of financial and monetary stability were the only issues discussed in relation to BIS, this would be a prioritized discussion. But as this article has shown, an equally pressing issue is the democratization of financial and monetary governance.

The democratic deficit in global financial and monetary governance, discussed above by Seabrooke (2006), Ozgercyn (2012) and Baker (2013) in relation to the BIS, is not only a matter of transparency and accountability. While those also are pressing issues when it comes to illocutionary performativity, e.g. decision making behind closed doors in Basle, the perlocutionary performative materialization of the BIS discourse escapes efforts to create transparency, accountability and democratic control. BIS is a central global governance node for what Hall (2008) calls the ‘deontic powers’ of central banks and regulators, establishing
interaction coordinates that become ontological facts of life for central banks, market actors and the public. It is the interaction guided by this discourse that produce the societal result of the discourse, and if the possible societal result of interaction is understood as circumscribed by ontologically pre-given facts of life in the stories that central banks tell, the performative realization of the discourse is unlikely to come onto the political agenda. There are three reasons for this: Firstly, it will appear politically futile to discuss facts of life; secondly the complicated economistic language in which these facts are dressed and described is beyond most people’s intellectual faculties; and thirdly, the Basle community appears rather content to establish ontological coordinates for the market without political interference. If and when the power of BIS comes onto the political agenda, the (coordinates of) its discourse would be as important to discuss as the institutional structure and efficiency of the institution.

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Notes

1 For a discussion of soft law as a political science concept, see Alan Boyle and Christine Chinkin, *The Making of International Law* (2007) Oxford University Press. It is not clear if the concept is used with its full academic connotations among BIS members and staff.

2 The distinction between illocutionary and perlocutionary performativity is a duality that Butler borrows from Austin and adjusts for her purposes. The dichotomy is less elaborate than MacKenzie’s (2005, 17f) model for performativity, which is designed to disentangle how (theory behind) financial instruments gives markets for the same instruments specific forms. Had this text been, for instance, on changes in financial markets resulting from Basel III regulation, MacKenzie’s model for performativity would perhaps have been appropriate, but as this text deals with more elusive power dynamics, the Austinian duality of Butler’s performativity concept is more suitable and productive.

3 Ngaire Woods, *The Political Economy of Globalization* (Macmillan: 2000) points to the political bias of the FSF resulting from its majority of rich states and global institutions in the forum, and only minimal representation from the South.

4 Full members are central banks and institutions with voting rights and representation at Annual General Meetings of the BIS.

5 As part of the BIS:s efforts to become more transparent, this hub also has its internet manifestation on http://www.bis.org/cbhub/index.htm on which much BIS research is posted.

6 Jacques de Larosière has been Managing Director of the IMF, Governor of the Bank of France and president of the EBRD. Larosière speech is available at the BIS homepage http://www.bis.org/events/conf0506/delarosiere.pdf (2012-09-20) More material from the same conference, is available at http://www.bis.org/events/conf050628.htm (14-12-2012)
Andrew Gavin Marshall portrays central bank cooperation as a conspiratory activity with the BIS collaboration as the smoking gun, but even though he makes a compelling who-knows/meets-who argument it is hard to conclude from it that the BIS wields direct hidden power from behind the scenes of transnational diplomacy.