Contents

Lis	t of Figures	page vii
Lis	t of Tables	ix
Aci	knowledgements	X
Lis	t of Abbreviations	xi
I	Introduction	I
	1.1 The Scope of This Book	3
	1.2 The Role and Relevance of Capital in Banking	9
	1.3 Book Outline	14
2	Capital Ratios in the Long Run	18
	2.1 Capital Ratios Since 1840	19
	2.2 The Problems of Constructing Long-Run Time Series	20
	2.3 Structural Changes in Balance Sheets	22
	2.4 Hidden Reserves	25
	2.5 Extended Shareholder Liabilities	31
3	The Nineteenth Century: How Ideas Shape Capital Structures	41
	3.1 Early Banking Literature: Shared Roots, Different Trajectories	43
	3.2 England: Balancing the Interests of Shareholders and Depositors	55
	3.3 Switzerland: Transparency in the Absence of Regulation	65
	3.4 United States: Capital Requirements from the Very Beginning	72
	3.5 Concluding Remarks	79
4	Two World Wars: Overturning Conventions	82
	4.1 Wartime Dynamics of Balance Sheets	84
	4.2 British Banking and Capital: The Absence of a Topic	98
	4.3 Switzerland: The Demise of Guidelines – and the Rise of Rules	106
	4.4 The United States: The Birth of Risk-Weighted Assets	113
	4.5 Concluding Remarks	118

•	\sim	
VI		ontents

5	How Banking Crises Drive Capital Regulation	121
	5.1 The International Environment and Regulatory Convergence	123
	5.2 From Informal to Formal: The Regulation and Supervision	
	of Banking and Capital in the United Kingdom	130
	5.3 Regulation in Switzerland – and How It Was Influenced	145
	5.4 The United States: Finding the Right Weight	164
	5.5 Concluding Remarks	174
6	Epilogue	178
	6.1 Basel Capital Requirements and the Characteristics of Leverage	,
	Before the 2007/2008 Financial Crisis	178
	6.2 The Limits of Capital	183
Bi	bliography	185
In	Index	