

PREFACE

A NUMBER OF YEARS AGO, the late H. Parker Willis and I edited a volume entitled *Foreign Banking Systems*.¹ Published in 1929, this study included chapters on the banking systems of sixteen countries.

The intervening years have brought about great changes in banking and credit structures. The breakdown of commercial banking systems in the depression years resulted not only in widespread government intervention but also in the adoption of far-reaching legislation. This legislation commonly took the form of separating commercial from investment banking and of establishing banking commissions with extensive supervisory powers.

The war and the succeeding years of uneasy peace brought about further revolutionary changes in banking. Central banks have been nationalized in most countries and commercial banks have suffered the same fate in a few. A host of new governmental credit institutions has been established; governments have undertaken to guarantee many types of loans. The objectives of monetary and credit policies have expanded in many nations to include the maintenance of low interest rates and full employment. The techniques of credit control have expanded to include a selective control of various types of credit and direct control over the individual loans of commercial banks.

In view of these and many other changes, the time seemed an opportune one to issue a successor volume to *Foreign Banking Systems*. This was made possible by a generous grant of funds on the part of the Merrill Foundation for Advancement of Financial Knowledge, Incorporated. Since the new volume is not simply a revision of the former one, and since it contains a chapter on the banking systems of the United States, it has been given the title *Banking Systems*.

This volume, like its predecessor, contains chapters on the banking systems of sixteen nations. In eleven instances the countries selected were those covered in the earlier study. In five instances they

¹ H. Parker Willis and B. H. Beckhart (eds.), *Foreign Banking Systems*, New York, Henry Holt & Co., 1929.

are different. The difference in choice permits the inclusion of a more diversified group of nations.

The countries selected include those with highly developed industrial organizations; those with relatively underdeveloped resources; those with small and large proportions of foreign trade; those with well-developed banking systems and those which are in the process of evolving a fully functioning credit system; those with extensive capital markets and those which must mobilize savings in other ways. A few of the nations have convertible currencies, the majority do not. Economic organizations span the whole range from free competitive enterprise to the totalitarian state capitalism of Russia.

The unifying theme in the various chapters is the way in which credit systems have adapted themselves to the economic organizations of the respective nations. The role of commercial banks, savings institutions, urban and rural mortgage credit institutions, cooperative banks and government credit institutions in financing the credit needs of each nation is set forth. Extended treatment is accorded the place of the central bank and its credit policies and objectives. Where money markets exist, they also are discussed. A final section includes an evaluation of the banking and credit structure. The manner in which other banking systems function enables one the better to understand his own banking system, to appreciate its merits and to recognize its shortcomings.

Before closing this brief preface, a tribute should be paid to the authors of the sixteen chapters, who with professional interest in the subject and scholarly devotion agreed to prepare the manuscripts.

Special mention should also be made of the meticulous care with which Miss Matilda L. Berg and Miss Virgene F. Leverenz of the Columbia University Press edited the manuscripts, making uniform the style and presentation, and of Miss M. C. Stralucke for the arduous secretarial work involved in a study of this character. Finally, the editor would like to pay a personal tribute to Mr. Charles G. Proffitt, Director of the Columbia University Press, who showed deep interest in the project from its inception.

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