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978-0-521-13147-6 - The Decline of Inland Bills of Exchange in the London Money Market

1855-1913

Shizuya Nishimura

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SHIZUYA NISHIMURA

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PREFACE

My interest in British monetary history was first aroused when I was a graduate student at the University of Tokyo. It was in the middle years of the fifties, when the memory of our defeat in the Pacific War was still fresh and, although the reconstruction of the economy had by that time been completed and the first spurt of its vigorous development was already in evidence, Japan was still worlds behind the nations of Western Europe and North America. It was thought that the process of industrialization of these mature economies would provide us with lessons for our future development. This feeling led many, perhaps too many, students to the study of the economic histories of the advanced countries in Europe and America, and I was one of them. I took up the study of the amalgamation movement in English banking. The intention was to compare the process of bank concentration in Japan with that in England. Fortunately I was awarded a British Council scholarship for the academic year 1960–1, and I could travel around England in quest of materials for my research. Thus I was able to visit a number of public libraries as well as the British Museum. It was in the course of this research that I came to sense something odd about the commonly-accepted explanation of the decline of inland bills. Needless to say, it was Dr W. T. C. King who ascribed the phenomenon to the amalgamation movement among banks. However, the movement really accelerated only in the nineties of the nineteenth century, while inland bills had already begun to decrease from about 1873. On the other hand, from the verbal evidence of contemporaries I obtained the impression that the revolution in transport and communication after the seventies had a great deal to do with the process.

A year was, however, too short a space of time to make a deeper investigation of the topic. After I returned to Japan, I negotiated with Hosei University, with which I had obtained a teaching post, to give me a special leave of absence to resume the study in England, and I am in deep debt to the University as well as to my colleagues in its Faculty of Business Administration for permitting me to go to England every other year.

Thus I was able to take up the study again at the London School of Economics under the supervision of Dr L. S. Pressnell, to whom I am immensely indebted in a number of ways. Although I had constructed my own hypothesis of the causes of the decline of internal bills, there were some gaps in my logic, of which I had not been aware and which he was quick enough to point out. I must also say that he was such a demanding teacher that he thrust upon me seemingly impossible tasks.

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I have somehow complied with his exacting demands and the result is this book. I am particularly grateful to him for his advice to treat the topic statistically, for before I met him I limited myself almost entirely to finding suitable verbal evidence. Also he corrected my faulty English at a number of places in the text. But, of course, the faults in this book are entirely my own.

I received a grant in aid of research in connection with a section of this book from the Central Research Fund of the University of London. A slightly different version of this study has been accepted by the University of London as a thesis for the degree of Ph.D. in economics.

My thanks are due to Kinyu Keizai Kenkyu Sho (The Institute for Banking and Financial Research Inc.), a subsidiary organization of the Mitsui Bank, which published the Japanese version of my thesis in its bi-monthly, *Kinyu Keizai* (*The Journal of Financial Economics*), and also kindly permitted without reservation the publication of my thesis in book form.

I am indebted to Professor Kohachiro Takahashi, Professor Toshihiko Kato and Professor Takao Takeda of the University of Tokyo, as well as to Professor Sahei Watanabe of Hosei University, for initiating me into the study of British monetary history. Professor R. S. Sayers gave me some valuable suggestions at the time of my oral examination, which I have incorporated in this book. Miss S. Baseden of the London School of Economics has kindly typed the draft for me. In conclusion, I wish to pay tribute to my late father and to my wife. My father, who was teaching English literature at a university, delayed his retirement to finance a part of my study in England. I am infinitely grateful to my wife for her encouragement, help and forbearance. While I was studying in England, she had to stay behind in Japan. She also made a double check of the statistical figures in the thesis.

S. N.

April 1970

NOTES

- 1 Years are financial years, unless otherwise mentioned; i.e. 1855 means the year commencing April 1855 and ending March 1856.
- 2 BPP stands for British Parliamentary Papers.