

years later. Side by side with these private banks, the national banks acted from the first as financial institutions established for the purpose of assisting general trade. When the terms of their respective charters expired, most of them continued business as private banks, and by February, 1899, national banks had ceased to exist, so that there is no longer any difference in the economic functions and legal nature between the former national banks and other private banks, all of which are now subject to the provisions of the general banking laws. The above statements refer to ordinary banks, but there exist in addition seven special banks, each of which was created by special law. According to the Japanese Ministry of Finance, the Yokohama Specie Bank was established in February, 1880, under the National Banks Regulations, but as the Government refused permission to issue notes, and the bank made it its chief object to act in the interests of foreign trade, it differed essentially from a national bank, which acts in the interests of general trade, and in view of this fact the Government issued the Yokohama Specie Bank Regulations in July, 1887, and made the bank assume a special position of its own. The special bank next created was the Bank of Japan. To remedy the state of confusion brought about by the rise of a multitude of small banks, standing each by itself, without any connection with the others, the Government decided in 1882 to establish a central bank, and in June of the same year promulgated the Bank of Japan Regulations, under which the bank was immediately established. The main objects for which the bank was established were to improve the relations between the different banks, to facilitate the circulation of money, to lower the rate of interest, to extend the business of bill discounting, to issue notes with a view to unifying the various kinds of paper money then in circulation, and putting on a firm basis the monetary system of Japan, and to take charge of the receipts and disbursements of the national abroad, and discharged with great efficiency its establishment, enjoyed full credit at home and abroad, and discharged with great efficiency its duties as the Central Bank during the China-Japanese war, and later at the time of the Japanese monetary reform as well as during the late war with Russia. Notwithstanding the arrangements for the establishment of banks acting in the interests of commerce similar establishments were lacking in respect of agriculture and industry, and to remedy this defect the Government promulgated in April, 1896, the law of the Hypothec Bank of Japan and the Agricultural and Industrial Banks Law. The Law of the Bank of Taiwan (Formosa) was promulgated in March, 1897, two years after the Island of Formosa had been ceded. The bank was granted the privilege of issuing notes convertible formerly into silver yen, but now into gold yen (yen = 2s). It was given charge of the re-

ceipts and disbursements of the national Treasury on the island, its position in this respect being similar to that held by the Bank of Japan in Japan proper. Deeming it advisable to establish a bank for the exploitation of the resources of Hokkaido, the Government promulgated in March, 1899, the Law of the Hokkaido Colonial Bank, under which the bank was established in the March of the year following. Japanese industries having, in the meantime, made remarkable progress, an enormous amount of securities, such as shares and debentures, had been issued by various industrial companies, and yet there was no special institution for advancing money on these securities. The Law of the Industrial Bank of Japan was therefore promulgated in March, 1900, and the bank established under this law in April, 1902. The Yokohama Specie Bank and the other banks above mentioned, have each its own special object and functions, and are governed by special laws. A law dealing with Japanese banking business in foreign countries, was passed in March, 1905. It provides that, in regard to banking business carried on in foreign countries by Japanese subjects, special regulations may from time to time be established by Imperial ordinance, according to the economic conditions or commercial customs of such countries. An Imperial ordinance relating to the banking business in Korea of the Dai-Ichi-Ginko (the First Bank) was also issued in March of the same year. As regards savings banks, the Savings Banks Regulations were issued in 1890, but on account of the postponement of the enforcement of the Commercial Law, they did not come into operation until the 1st of July, 1893. Savings banks, whose business it is to take charge of the deposits made by the public at compound interest, must be joint stock companies with a capital of not less than £3,000. Their directors are jointly under unlimited liability with respect to the obligations of the banks incurred during their term of office, and upon the lapse of two full years after their retirement, therefrom, they are released from such liability. Savings banks must, as guarantee for repayment of savings deposits, provide themselves with interest-bearing national or local bonds, corresponding in value to at least one-fourth of the deposits received, and place them at the Deposit Office. In case, however, the said guarantee fund reaches an amount equal to at least one-half of the capital, commercial bills and reliable companies' debentures and shares may be used. Any alteration in the articles of association of a savings bank must be approved by the Minister of Finance. In other respects the regulations for ordinary banks are also applicable to savings banks. In 1905 the number of savings banks proper in Japan amounted to 475, and there were in addition 203 ordinary banks which are engaged in the business of savings banks in addition to their principal business.—"Journal of Society of Arts."