

primary point by drawing on a correspondent in New York and by sending to him a bill of exchange on the cotton spinner in Europe or in most cases on a bank named by the latter. The New York correspondent pays the New Orleans draft by selling the bill on Europe, which usually means London, and thus the cotton has been financed out of America. The bill of exchange on the London banker has been drawn payable sixty days after sight, so that the cotton spinner has seventy or seventy-five days in which to receive the cotton before paying for it. We need not follow the various processes of credit until the articles manufactured from the cotton fabric have been sold to the public. If we turn to Egypt and witness the purchase of the cotton crop there we can see at once the advantage of a perfect credit system. The Egyptian farmer does not understand credit, he has not had occasion to put absolute trust in scraps of paper, and in the main he likes to get gold when he parts with his cotton. Thus sovereigns in large quantities have to be sent every year to Egypt to buy the cotton and to a very troublesome degree they do not come back. The profit on the American cotton crop made by each individual concerned merely takes the form of a credit in a bank or on the books of a merchant, and when any actual money is desired, bank currency is used, so that practically no gold is disturbed in the operation. In Egypt some gold disappears from circulation each year.

As the reverse of such operations, if an importer in North America desires to buy raw sugar, hemp, tin, drugs, oriental or European manufactures, he does not send money to effect such purchases, but sends a bankers' letter of credit or instructs the seller to draw a bill of exchange on him or on a bank, usually in London, again depending purely on instruments of credit.

I do not need to remind you that even travellers no longer carry actual money to any extent, but depend upon letters of credit, now so adapted to their comfort that often hotel bills in remote places in Europe can be paid by a scrap of paper written in Canada. To give you some conception of the extent of such arrangements for the transfer of money for travellers or for ordinary business, I may mention that one bank in Canada has