

I am sure it is not necessary for me to enlarge upon this, but at the risk of wearying my audience I should like to present a few of the many forms in which the credit machinery of the world is so vital to society. I do not need to describe the working of a great Canadian bank where within its own branches one credit transaction is so balanced against another as to avoid the use of actual money except to a trifling percentage, or the working of bank clearing houses which perform the same function as between the different banks, or the working of stock and merchandise exchanges where credit transactions are as far as possible balanced in order to lessen the work of the banks. You have often been told that in North America 90 to 95 per cent. of the transactions in business are settled by cheque or by some credit instrument other than bank currency, which is itself a credit instrument, and while gold is practically the basis of all the transactions it is scarcely used at all. It might, however, interest you to follow such an international use of credit as that involved in moving products grown in America to their ultimate point of consumption in Europe. The cotton crop of the Southern States is worth annually seven or eight hundred millions of dollars—often, indeed, more than this. A very large part of it is sold in Europe, and the financing of the crop is one of the main financial features in the United States each year. Yet this great crop, so far as payment is concerned, is moved from the hands of the planter in America to the spinner in Europe or elsewhere entirely by instruments of credit. At the primary market the coloured farmer with a single bale to sell is probably paid by a credit on the books of the shopkeeper who gives him his supplies, and the larger planters are paid as a rule by cheques, a much larger percentage of bank currency, however, being required at this time of the year than at others. All, however, are paid by credit instruments. The cotton buyer at this primary point ships the cotton, say, to New Orleans and draws through his bank for the value of the commodity. The dealer in New Orleans sells the cotton to a spinner in Europe and pays the draft of the buyer at the