all the talk we hear nowadays about "sound money," no one seems to propose curtailing the use of this lowest form of money.

(*b*) Bank drafts represent money in course of transit. A draft is distinguished from a bill by being based upon value, usually some form of money, deposited with a bank; whereas a bill is usually based upon goods in course of transit.

(*c*) Bank credit, with its complement, cheques.

Bank credit is founded either upon some other form of money deposited with a bank; or upon property pledged, as where a man has placed with a bank title deeds or some document giving control over valuable property or goods. When a man pledges, say, £1,000 worth of land or goods with a bank, he creates so much money, which remains in existence so long as the land or goods remain pledged. If the bank terminates the credit and takes over the ownership of the property, the money ceases to exist, but in the meantime it has served the purpose of medium of exchange. The moment the property is pledged, the money comes into existence, and if the pledger does not almost at once make use of his credit (by drawing cheques), the bank will make use of it. For, so much value having been added to its assets, it can lend the more to any person desiring accommodation. If a man opens a credit account by depositing coin, no new money is created; so also if he deposit any other form of money already in existence. In these cases, the money is only changed in form.

I think it can be shewn that cheques, as representing bank credit, completely answer every purpose of money as a medium of exchange, without reference to gold or coin. Let us trace the transaction. A merchant, A., sells £100 worth of goods to another merchant, B. B. pays for these with a cheque on his banker X. B. hands the cheque to A., who places it to his account with *his* banker Y. A third merchant, C., sells £100 worth of goods to a fourth merchant, D., who pays C. by a cheque drawn upon D.'s banker Y. C. places this cheque to his account with his banker X. The credits of B. and D. with their respective bankers being found to be sufficient, their cheques are honoured, and placed to the accounts of A. and C., respectively. The transactions as between the two pairs of merchants are now complete. B. and D. have received the goods they severally purchased from A. and C. While A. and C. have received payment, *i.e.*, their credits with their respective bankers have been increased to the value of the goods they respectively sold. Likewise, as between the two bankers nothing remains to be done. For, at the close of the day's transactions, it is found that, as regards these two cheques, the claim of Y. against X. is exactly equal to the claim of X. against Y. The two claims are therefore mutually written off. Now here are two commercial transactions that have been carried to completion solely by means of cheques; no coin has been used or referred to. The whole matter has been effected by the transfer of "credit" from two merchants to two other merchants, such credit having been represented during the process by cheques and nothing else. Cheques, as representing bank credit, may therefore be classed as money. When, as occasionally happens, a cheque is dishonoured, and therefore fails to act as medium of exchange, the drawer has, as I conceive, committed a "fraud." For, in drawing the cheque, he virtually says, "I have credit at my banker's, more than sufficient to pay my debt to you; I give you an order on my banker to transfer that credit to you." But because one cheque in a hundred thus fails to serve as money is no reason for denying that the other ninety-nine *have* so served.

It is true that some of the forms of money described have a more or less conditional existence. But, to my mind, *all* forms of money are dependent upon Guarantee of some sort. The money value of a Bill is dependent upon the financial position of the parties to it; and, ultimately, upon the existence of the goods against which it is drawn. The value of the notes depends