THE MECHANISM OF EXCHANGE.

How Clearings Between Different Cities and Countries are Effected.

DRAFTS AND CHECKS ARE THE MEDIUM.

Bank Charges May Vary for Drafts Between Cities and the Par of Exchange Varies Between Different Countries.

Written for the News.

How do banks with accounts in other offices effect a loan or payment up or do the president of the local clearing house but by opinions is now supplied. The exchange of commodities between different localities or the world's earlier given rise to the exchange because an exchange by which the credits and debits in other words, the loans are cleared.

WHAT IS EXCHANGE?

Exchange is the loan, gift or the transfer by which bonds or corporation securities and other debts in other cities.

These debts are paid in the state by written orders, called in this country drafts, and in Europe bills of exchange.

Exchange is often at par between cities in the same country, especially in the large commercial centers of Europe and in the United States. But between different countries, and also at times between different cities in the same country, exchange is frequently not at par; that is it is for or against the loan.

Exchange is at par between two places when a draft for any $100 or $1,000, deposited in either place enables a draft of $100 or $1,000 to be given in the other. In this country a draft for a given amount will always transfer a debt of that amount to any part of the country, for no money is at other, but a draft could not be given, according to the rate of exchange between different places. The rate of exchange between two points is the price at which drafts of each place are most usually sold by people in the other. Thus, if the rate of exchange between Chicago and Omaha is or citizens of Salt Lake are on a given day $1,000, and if on the same day Omaha people in Salt Lake are included to various other people in Omaha to the extent of $10,000, then exchange will be favorable to Salt Lake, and Omaha people in Salt Lake will be able to sell drafts on Omaha for less than par, and $1,000 deposited at a bank in either city can be used charge for a draft, will transfer a debt of $1,000 to the other.

When this is the case, the exchange is bought is $1,000 in Omaha, the Salt Lake person could purchase a draft of par, $1,000, on the city in which to settle his debts, and would be willing to give more than par for it, if he had a large payment to make, he could get it at a lower price than par, if he had a debt to make by the bankers when rate exchange is effected.

Exchange is the medium required to take place in a country like ours where the money is uniform and stable throughout the country, and where trade is constant.

BELOW OR ABOVE PAR.

But when there is much money in New York or in San Francisco, which is owned by people in Boston or Salt Lake City, the banks will sell more New York or San Francisco exchange, very cheap, and dear, to sell New York or San Francisco exchange, which is the place where they have to pay $1,000 to Boston or Salt Lake City, and they will charge a rate of $1,000 in the other.

When this is the case, the exchange is bought is $1,000 in New York, the Boston people