these days with electricity, for instance, and do them well, simply by inserting plugs or pressing buttons, but if we wish to be electricians we must learn how the current is created, its nature and its application. Similarly, with exchange tables, we can work out almost any exchange transaction providing the rate is *already made* for us, but if we want eventually to become expert bankers and cambists we must be able to make our own tools occasionally, able for instance to compute a 60 or 90 day rate from a demand quotation; we should also know something about the factors which influence the fluctuations in rates and about the commercial laws and observances of the different countries. If, however, this intelligent knowledge is not aimed at, common sense and a working knowledge of multiplication and division will be found sufficient with the assistance of the following tabloid rules:

1. All operations in exchange are based on the weight and fineness of the metals contained in the monetary units of the countries involved.
2. The rate of exchange between two countries is fixed by the country which draws and negotiates the bills.
3. All exchange rates in North America are quoted in cents per foreign unit.

Special quotations:

A. German exchange—cents per four marks.

B. French exchange—francs per dollar.

Conversions with cent quotations.

(a) *Amount in foreign currency = Amount in dollars ÷ Rate in cents.*
(b) *Amount in dollars = Amount in foreign exchange × Rate.*
*Buy low, sell high, the better the bill the higher the rate.

Conversions with franc quotations.

(a) *Amount in francs ÷ Rate in francs = Amount in dollars.*
(b) *Amount in dollars = Amount in francs ÷ Rate in dollars.*
*Buy high, sell low, the better the bill the lower the rate.

ILLUSTRATIONS

6. *Illustrations.*—Mr. Hartley Withers in his "*Money Changing*" gives such a clear and interesting explanation of foreign exchange that he is well worth quoting in full:

The bill, or order to pay money in a foreign centre, is thus the commodity that is actually bought and sold by dealers in foreign exchange, but it is better for the moment to leave bills out of consideration. They are only the tangible expression of the claim for money in another centre, and at this early stage of our enquiry it is better to keep our minds fixed on what is at the back of the bill, namely, the money in a foreign centre to which it gives its holder a claim. The French buyer of a bill on London buys it, as a rule, because by sending it to his English correspondent he can discharge a debt to him in English money. What he really buys with his francs is so many English pounds, and the labyrinth of the foreign exchanges is much easier to thread if, before we complicate the question by talking about bills, we keep our eye on the comparatively simple problem which is the key to the puzzle, namely, the exchange of one country's money for another's.

*See Note, Page 20.