

economic ; but we make no provision to ensure that the assumption shall be founded on fact. In the primary and secondary schools a more prominent position should be given to non-contentious economics. Children should be taught, *e.g.*, to understand and describe the industries of their district, the way in which the work is divided up and performed, the reason why such industries are followed, why certain prices are paid, and the chief features of local government. The study should be developed at greater length in the secondary schools proper, but it is only at the University stage that any excursion should be made outside the study of facts into that of opinions. But the advantage that would be derived from such a course of instruction in the schools would be the awakening of an intelligent interest in the subject in the pupils which would stimulate them to further study after they had left school. An example of the use of such a study to business men may be cited from a subject in the sphere of our own investigations :—

From a practical point of view the most serious problem revealed by this historical and statistical study [*i.e.*, of money] is the problem of stability and dependability in the purchasing-power of money. We find that this purchasing-power is subject to wide variations in two ways : (1) It oscillates up and down with the transitional periods constituting credit cycles ; and (2) it is likely to suffer secular variations in either direction according to the incidents of industrial changes. The first transition is connected with the banking system ; the second depends largely upon the money metal.

Study of
economics.

One method of mitigating both of these evils is the increase of knowledge as to prospective price-levels. As we have seen, the real evils of changing price-levels do not lie in these changes *per se*, but in the fact that they usually take us unawares. It has been shown that to be forewarned is to be forearmed, and that a foreknown change in price-levels might be so taken into account in the rate of interest as to neutralize its evils. While we cannot expect our knowledge of the future ever to become so perfect as to reach this ideal—*viz.*, compensations for every price-fluctuation by corresponding adjustments in the rate of interest—nevertheless every increase in our knowledge carries us a little nearer that remote ideal. Fortunately, such increase in knowledge is now going on rapidly. The editors of trade journals to-day scan the economic horizon as weather-predictors scan the physical horizon ; and every indication of a change in the economic weather is noted and commented upon. Within the past year a certain firm has instituted a statistical service to supply bankers, brokers, and merchants with records, or business barometers, and forecasts based thereon, with the avowed object of preventing panics. Yet it is probably in regard to the fundamental mechanism by which such forecasts are based that there is the greatest need of a wider diffusion of knowledge. The range of the ordinary business man's theoretical knowledge is extremely narrow. He is even apt to be suspicious of such knowledge, if not to hold it in contempt. The consequences of this narrowness are often disastrous, as, for instance, when, in pursuance of the advice of New York business men, Secretary Chase issued the greenbacks, or when the ill-advised legislation to close the Gold-room was enacted. And it is not altogether in unusual predicaments such as those brought by the Civil War that the business man's limitations in knowledge react injuriously upon him. Every day he is hampered by a lack of understanding of the principles regulating the purchasing-power of money ; and in proportion as he fails to understand these principles he is apt to fail in production. The prejudice of business men against the variability of, and especially against a rise of the rate of, interest probably stands in the way of prompt adjustment in that rate and helps to aggravate the far more harmful variability in the level of prices and its reciprocal the purchasing-power of money. The business man has, in fact, never regarded it as a part of the preparation for his work to understand the broad principles affecting money and interest. He has rather assumed that his province was confined to accumulating a technical acquaintance with the nature of the goods he handles. The sugar-merchant informs himself as to sugar, the grain-merchant as to grain, the real-estate trader as to real estate. It scarcely occurs to any of them that he needs a knowledge as to gold ; yet every bargain into which he enters depends for one of its two terms on gold. I cannot but believe that the diffusion among business men of the fuller knowledge of the equation of exchange, of the relation of money to deposits, of credit cycles and of interest, which the future is sure to bring, will pay rich returns in mitigating the evils of crises and depressions which now take them so often unawares. (Fisher : "The Purchasing-power of Money," page 321.)

As to the importance of industrial education we cannot do better than quote from Professor W. T. Mills's evidence (page 476) :—

The most important item in the common welfare of any country is the matter of its schools. Industrial training, including training in all of the industrial undertakings likely to prove practical in New Zealand, should be provided through the education system and made compulsory upon all of the youths. To permit a generation of young New-Zealanders to come to the years of service without technical training in order to make that service the most available possible is the most serious item in keeping back the standard of living, and in lowering the possible purchasing-power of the consumers. Further, the schools should be particularly organized and equipped for the purpose of giving technical training to all adult workers. In the State of Wisconsin, United States of America, the State University is the most important factor in the industrial and commercial life of its people. One-seventh of the total annual revenue of the State is devoted to the University alone. The manufacturing companies provide the time, their manufacturing plants, and pay regular wages to their employees, while the University uses the plants for industrial training. In several American cities and in a number of Euro-

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education.