

excepting as being necessary for defensive purposes. And we believe it will be manifest upon giving thought to this side of the question, that one great reason for the existing conditions of the financial market which is causing everywhere immense losses in values is to be found in the internal exactions and the national loans necessary for the provision of means to maintain armies and navies for purposes of conquest, and menace, most unsettling in themselves to the business world.

### OUR LONDON LETTER

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By W. E. DOWDING.

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Among the questions which the Government must take up, though they cannot touch it without being pricked by its thorns, is Education. Several improvements in our present system are long overdue. Which of them do the Government consider most urgent? On this point we have had no real indication yet. Lord Haldane, who is ripe in German lore, has written powerfully to the need of approaching nearer to the German system, especially in respect to the linking up of the different grades of schools. I am one of those who think we can go too far in our admiration of German methods. The British spirit does not like so many regulations as the German flourishes under. Regulations may be essential to our welfare, but the Briton prefers to make his own regulations and look after his own welfare. Nevertheless, an overwhelming case has been made out for improvements along these lines. Recognize, however, that such improvements will touch only the brighter scholars. Real national education must concern itself with the child as he is, rich and poor, dull and sharp, and in his interest as well as from the point of view of the teacher the two most necessary things to be done are to lessen the size of the classes and to simplify the examination system. At present we hear more of the former than of the latter. The number of scholars placed under the tuition of one teacher makes true teaching impossible. It is bad mentally, morally and physically. As to examinations, the better sense of the nation is gradually becoming aware that you cannot treat the brain as you do a beer-barrel, and sample it from the tap. Our schools throughout are understaffed and over-inspected. So long as these things go without remedy it is useless to talk of raising the compulsory school attendance age, which is one of the reforms put forward. Our preliminary discussions on Education so far this year have been free from the religious rancour that has marred so many legislative acts and proposals of the past.

### The Effect of the Balkan War.

The brightest of hopes are being raised by the conclusion of peace in Eastern Europe. The British minister of Foreign Affairs, Sir Edward Grey, has received world-wide praise for his firmness; and it now appears that besides taking the leading part in bringing the fear of further hostilities to an end, Sir Edward Grey, has made occasion to advance the system of pacification-by-railway farther East. Thus the Balkan States are now once more turning to their everyday work, and the prospect of railway extensions in Persia under the necessary control of Great Britain is better than it has ever been. For many months past the war in the Balkans has disturbed public credit and made capital shy. In spite of this shyness, there has never the less been a wonderful development of trade all over the world; and now, when some folk are beginning to talk of the due decline, it becomes apparent that much of the accumulation of capital during the "boom" is ready to be used for further development. Austria-Hungary is the only notable exception to the enjoyment of good trade. It has been her misfortune to see millions of her regular customers in the neighbouring countries spending their energies in war instead of remaining steady customers for the products of her factories. Huge stores of goods are on the hands of the Austrian manufacturers. But on the other hand, France, Germany, the United Kingdom and other countries have been almost "coining money," as the phrase goes. For this capital there will now be a wide demand, and though it is thought money will not be cheap, its abundance and the prospects of profitable use will counterbalance the hesitancy of taking it up at a higher rate of interest than usual. Doubtless there will be few signs of great new enterprises until the holiday season is past; for we treat our holidays very seriously in these days. But in the autumn the industrial world will settle down to apply its accumulated capital to further developments everywhere.

### Cotton Growing in Australia.

The Empire Trades Commission, which is now in Australia, has indirectly stirred up the Commonwealth Government. A peep into the future, when China shall have developed her resources more profitably, provides a picture of the commercial potentialities of cotton-growing and cotton-manufacturing in Australia. She is nearer both China and India, Manchester's biggest markets, than we are. If other advantages can be added to this natural one of geography, Australia might well become a powerful competitor in those markets. She even find it better to add cotton to wool as her