

In the little book here offered, the attempt is made to work out the leading principles of economics with a constant eye on actual affairs. The facts discussed are taken in their ordinary, observable form; the student is asked and helped to analyze them, with a view of perceiving their relations to each other, and the underlying principles by which they are controlled. The plan has difficulties which the more abstract treatment avoids; but I hope the character of the result may be found a sufficient compensation.

The modifications of theory which I have ventured to suggest grow naturally out of the method I have followed. In all fundamental points, my results are in substantial harmony with the teachings of the older economists. But in the analysis of cost of production, and in the consequent distinction between savings and working capital, I have ventured on an innovation which seems to be called for in the interest of clearness, both in the discussion of wages and in the law of value. In the treatment of money and prices, I have departed considerably, in secondary points, from the beaten track. In developing the theory of prices, I found it necessary to have the use of a term which should recognize bank deposits as an integral part of the circulation. The term "bank currency," though not free from objection, seemed on the whole to be the one most suitable for the case. I accordingly adopted it, with the understanding that it includes, on the side of Notes, those issued by Governments as well as those issued by ordinary banks.

In the great question of Protection and Free Trade, I have simply tried to indicate the grounds of controversy. So long as the Tariff is a political issue, it seems only fair that a book intended, in part, for use in High Schools