


# ECONOMICS

## LESSON I

### Fundamental Definitions.

N this materialistic age it may seem unnecessary to insist upon the importance of the economic factor in human life. Yet the average man scarcely realizes how profoundly his own life and its circumstances are modified, not only by his individual financial position, but also by the accumulated wealth of the society in which he lives. His house may be lighted by power generated at Niagara and brought to him over a transmission system which has cost millions of dollars to produce; it may be heated by coal mined hundreds of miles away and conveyed to him over an enormously expensive system of railways and steamships. But such stupendous investments of capital as are sunk in the American or Canadian railway systems would have been quite impossible half a century ago, for the whole wealth of these countries at that time would have been insufficient to construct these great railways. In order that such railways should exist for the public service, it was necessary that billions of dollars should be saved from the incomes of citizens of these and other countries, and then invested in the building of railways. If this money had not been saved and invested, our modern transportation system could not have existed, and our householder—our consumer—would have had to pay more dearly for those commodities which must be brought to him from a distance. Our producers in all lines of effort would have been restricted to the narrow local market for their goods, and, because of the limited number of consumers, production on a large scale, with its consequent cheapness, would have been impossible.

Such investments as these mean not only greater cheapness of commodities; they often involve for a community