

the total quantity of yarn produced, some 80,000 bales remained in the hands of the producers, and it is estimated that the surplus during the present year will be more than double that figure. It was of course expected that the surplus would be absorbed by China, but since the Shimonoseki Treaty secured to foreigners the privilege of engaging in manufactures in that country, Japanese yarns have had to compete with the products of the local mills. No doubt, both the home and the export trade will develop, but meantime mill-owners have gone ahead of the demand, and many of them are now in difficulties. Moreover, it seems that some of the large dividends which were formerly paid did not make sufficient allowance for depreciation of plant, and that an insufficient sum was put aside for equalizing dividends and meeting losses. The President of the Industrial Bank of Japan has been making inquiries into the matter as a preliminary to placing more capital at the disposal of the millowners, and he has addressed a series of queries to them, and some of the replies have been published in the vernacular press. It appears that out of about 330,000 yen required to start a mill of 10,000 spindles, 250,000 yen go to purchase machinery, 20,000 yen to buying land, and 60,000 yen to erecting buildings. The life of the machinery is estimated at 20 years, during which time it loses two-thirds of its original value. A mill of 10,000 spindles ought, therefore, to set aside from 8000 to 9000 yen annually. As to the reserves for equalising dividends and meeting losses, no information is given, and it seems as if many mills have been devoting the whole of their earnings to the payment of dividends, instead of making proper provision for wear and tear, and contingencies. The President of the Industrial Bank has been giving the millowners some sound advice on the subject, and insisting on some reforms, if they are to get any assistance from the Bank. He asserts that instead of endeavouring to place their business on a safe and permanent footing, many of the companies have thought only of paying big dividends and having their shares quoted at a high figure in the market. He, moreover, is of opinion that several of the companies are working on too small a scale, and he believes that by judicious amalgamation, and re-organisation, they might be greatly improved. No doubt the result will be an increase of the tendency towards concentration, which is apparent not only in Japan but in all the industrial countries of the world. It is interesting to note that in all quarters of the globe the evolution of trade and industry is brought about by similar forces, and that the results are similar. The process is likely, however, to be hastened in Japan, and it ought to be studied as part of the industrial and economic changes which are taking place in the Far East. The Industrial Bank has agreed to make loans to the millowners on condition that they pledge themselves to lay aside 3 per cent. of their profits annually as a reserve to meet the wear and tear of the plant, and $\frac{2}{21}$ of the profits, after deduction the above sum as a reserve to meet losses. We shall note how this affects their dividends.

DIFFICULTIES IN THE COTTON-SPINNING INDUSTRY IN JAPAN.

We have from time to time noted the progress which was being made in the cotton-spinning industry in Japan, chiefly because of the interest it would have to those of our readers who were connected with the industry in Lancashire. It must be admitted that the Japanese have shown not only great mechanical skill, but also considerable organising capacity. After the preliminary stages were passed, the industry seemed to be very prosperous, and large profits were made. It almost looked as if the cotton spinners in Japan were going to have an experience similar to those of Lancashire in the early days of the industry, but their period of prosperity has been much shorter. Already the industry is in a very depressed condition, several mills have been obliged to cease work, and the shares of all have greatly depreciated. It is evident that there has been considerable over-production. From the latest published returns we learn that there are altogether 65 cotton-spinning mills in Japan, with a total number of working spindles amounting to 773,738. The amount of yarn produced exceeded the immediate needs of the nation, while the export trade had not been developed. In 1897, of