taken to Montreal and sold to James Livingston, of Baden, Ont. The capacity of the oil mill was about ten barrels per day. About 26 looms were in operation and six spinning frames. Two wet spinning frames were bought at $550 each, which were of no use and were sold as old iron. Water power was used to run the mill. The raw material was obtained in the surrounding country, Plattsville, Berlin, Preston, and Waterloo townships and other places. The fabrics produced were seamless bags, toweling and canvas for large sacks, ropes, twine, etc. The cause leading to the decline of the industry was: After the American war when everything in the Southern States was in order again, and cotton plantations were again attended to, the price of cotton caused the flax business to decline. The reason of the flax business starting here was. The promoters thought that through the war cotton would be too expensive and that linen would take its place, which it did as long as the war lasted. The oil department paid well, but the linen department did not pay, in fact, was a big loss. The flax factory in Doon, Ont., was in operation before the one in Preston; it was carried on by M. B. Perine.

Mr. Warnock adds: Mr. Perine scutched the flax and shipped it to the United States, and later on John Hemuth made twines, which they continue to make, employing some 120 hands. Livingston Bros., of Baden, have made a great success of the flax business, also the linseed oil business. Flax is grown by them in Ontario, Manitoba and the United States. They employ hundreds of people in Canada, and in one factory in New England they are said to employ 600 hands. The growth of flax was first introduced into Canada, I believe, by the early settlers from Pennsylvania, who came to Waterloo township along in 1794, and the early part of this century. They made the flax into clothing, doing the scutching, spinning, dyeing and weaving in their own homes. The material was woven into small checks, using butternut bark and indigo mostly for colors. The garment was durable, all right for summer, but unsuitable for winter, but in those days (60 to 80 years ago) we had no Canadian tweeds.

DEPRECIATION.

One of the vexed questions which arise in the conduct of all industrial businesses is that of the amount which should be annually set aside for depreciation. We are not going into the controversy as to the relative merits of deducting a sum for this purpose from the original value of the thing depreciated or from its annual depreciated value. A good deal can be said on this, but it really forms part of the greater question as to what is ample depreciation, says The Textile Recorder. As a matter of fact, no general rule can be laid down, and instances are known of widely diverse practices being perfectly sound under their relative conditions. For instance one man wisely keeps his plant in a perfect state, and expends annually a large sum out of revenue in maintaining the whole of his plant in a condition which is practically that of new machinery. Another, on the contrary, takes only ordinary precautions, and if he does make any considerable repairs, adds the cost to the depreciated value of the plant. It is obvious that the sum which forms an adequate allowance in the one case is very inadequate in the other. The factor which really determines the amount is the life of the machine.

The generation which is now living has seen in almost every direction an enormous extension of the work of invention and construction. Even in industries in which invention has been slight, the work of the constructor has been far-reaching, and although machines may be in their essence alike, their details will be found to be far different if constructed at reasonable intervals apart. We need hardly remind our readers of this, for it has become so familiar as to be trite. Yet, we are afraid that, axiomatic as it is, the statement wants pressing home. Depreciation is affected, not only by the life of the machine as controlled by the wear of the parts, but also by its life as determined by its relative value at some future date. In other words, a machine may be rendered obsolete by the advance in constructional art during a given period as well as by its deterioration by work. It is thus necessary to keep in view both factors, and if this be done it will be seen that the controversy which we indicated in our opening sentences is very simply resolved. If the life of a machine, owing to the advance in construction, is shortened, then any addition to its value by reason of extensive repairs or any diminution in the sum set aside for depreciation annually, involves an increase of that sum in accordance with the conditions. The plant which, without placing to capital the sum expended in repairs, however great, is steadily written off, can be annually charged with a much lower sum than one which is treated in a different fashion. In either case such a sum is needed as will enable the value to be brought down to breaking up price in such a term of years as renders the machine obsolete. It is obvious that given an equal value to begin with, the annual sum chargeable can be much less in one case than in the other. This, it seems to us, is under modern conditions, the determining factor, and it is one of which it is worth while remembering the existence.

There is yet another feature arising out of present day company practice which ought to be steadily kept in mind. When old and successful industrial enterprises are brought within the scope of the Limited Liability Acts as now interpreted, it is the custom to charge to capital a large sum for which there are no assets. In some cases this extra sum is many times the value of the plant, and there is some hesitation as to what the right course is to take under such circumstances. There is no doubt that in many instances the true policy is to set aside out of profits (if made) a substantial sum as a reserve which can eventually be used to reduce the additional charge. As shareholders sometimes grow restive under this course, it may be prudent to resort to the charge for depreciation to attain the same end, and by doing this less notice is taken while there is a gradual accumulation of assets. It must not be forgotten that although the things represented by large sums cannot be said to be tangible, nor can they be brought to the hammer, they may represent the one factor by which profits are made. Thus, a monopoly of manufacture may be acquired in a single article which possesses a larger value—greater probably than that of the