

so the gain to the gold miners is obtained at the cost of the taxpayers. The chief official of the English Mint remarks on this fact that, "it is not evident how far the colony is the better for the establishment of a Mint at Perth, or that they have gained anything by their large outlay on buildings, machinery and maintenance, which they could not equally have gained at smaller cost by the establishment of a local refinery under government supervision." This expert judgment on the result of establishing a Mint at Perth, Australia, where the common currency is gold coin, seems especially applicable to the project of a Mint for Canada. If it is run at a loss where gold coins are current, what prospect is there of better success in Canada, and, is it likely that the Canadian taxpayers would be satisfied to maintain a Mint at a loss to the revenue in order to benefit those interested in the production of gold in Canada? The lesson of the Perth Mint calls for consideration.

DIRECTORS AND THEIR RESPONSIBILITIES.

The question of the personal liability of directors and trustees for acts done in an official capacity has often been tested in the courts. We have in these columns frequently published legal decisions defining the nature and extent of the responsibilities assumed by directors of insurance offices and other financial corporations. Outside of members of the bar, probably not one in a hundred has any adequate knowledge on the subject. Directorship is a post of honour, it is a flattering tribute to a man's supposed position in the business community, a tacit recognition of his social standing and influence. He proudly accepts the trust, attends meetings of the board, gives the benefit of his views upon such subjects as may be brought before him, and never nurses the faintest shadow of the most remote idea that he has not fulfilled his whole duties until he is suddenly startled to learn that the institution is threatened with collapse, and that his reputation is endangered by the fall thereof.

The failure of a New York insurance company with an unusually influential directorate has aroused so much comment that the New York "Commercial Bulletin" makes the case the subject of a leading article, from which we cannot help reproducing some portions for the benefit of Canadians who may not have perused same.

The failure is said to call attention once more to a very salutary legal and moral principle which busy men are too prone to forget, the principle, namely, that in law and good conscience the man who undertakes the directorship of a corporation is bound to bring to his office as high a degree of care and skill, at least, as he would devote to any business where every cent invested was his own. In some cases the law requires of an agent even a higher degree of care than the owner himself would be likely to bestow upon the business, but with less than this it is never satisfied.

An owner may do as he will with his own, but he who is handing the property of another as a fiduciary must use the highest degree of care and skill. How far short of this standard many directors fall, no one who is familiar with corporate affairs needs to be reminded. They generally use a fair amount of care in selecting a manager or a board of executive officers, and having done so much, are too often inclined, where they have no great amount at stake themselves, to act as if they were in nowise responsible for the future course of the company's business.

To say nothing of the demands of good faith towards those who have confided in them, this estimate of their responsibility falls far short of the standard universally adopted by the courts of law. The books are full of cases wherein the courts have demanded the highest degree of watchfulness on the part of directors, especially directors of banks, insurance companies, and other moneyed and trust corporations. Thus our own Court of Appeals, to look no further, says that when one entrusts the management of his property to a board of directors, he is entitled to demand of them the same degree of care and prudence that men prompted by self-interest generally exercise in their own affairs, and "when one voluntarily takes the position of trustee or director of a corporation, good faith, exact justice and public policy unite in requiring of him such a degree of care and prudence, and it is a gross breach of duty—crassa negligentia—not to bestow them." Judge Earl, delivering the opinion of the court, continued: "It seems to me that it would be a monstrous proposition to hold that trustees, intrusted with the management of the property, interests and business of other people, who divest themselves of the management and confide in them, are bound to give only slight care to the duties of their trust, and are liable only in case of gross inattention and negligence; and I have found no authority fully upholding such a proposition."

In the case of this insurance company the manager was a man not widely known throughout the country, while many of the directors are known in all financial circles, and highly esteemed. Their names, as they knew or could easily have ascertained, were made very prominent upon the letter-heads, and in all the dealings of the company; and those who accepted its policies or otherwise confided in it did so in reliance upon these honoured names, and not through over-confidence in an unknown manager.

A very strict official examination of the affairs of the company may be necessary to show the extent to which its failure is attributable to the negligence of its directors, and to fix the measure of their legal liability. But it is difficult to believe, upon reading a list of their names, that they are not men eminently able to make a success of a small insurance venture if they were willing to give it that degree of care which they have always bestowed upon enterprises in which their own pecuniary interests were greater. At all events, neither law nor equity will be satisfied with any lower degree of care than this, and for the losses of the company they may be held personally liable in proportion to their failure to give to its affairs the best service of which they were capable.

This excellent article indicates very plainly the folly of shareholders being represented by directors who do not direct. Yet, in this, as in almost every instance of the collapse of a company, the main cause