dry. He, and he alone, understands what the circumstances demand; and his purposes cannot be thwarted without detriment to the business. But, all the same, he suffers them to maunder over matters at their own sweet will. Directors may shuffle and deal until the pack is exhausted, it is the manager who, during the entire game, holds the winning card.

The majority are perhaps unconscious of the real state of the case; and a genuinely "good" director is he, who, whether conscious or not, acquiesces in the inevitable. They are not all good, however, and the director who has a pet crotchet, and pretends to a knowledge which he does not possess, is—to put it mildly—an unmitigated curse to the company that owns him. He is a similar nuisance to the crank questioner among shareholders at their annual meetings. Even when he cannot alter or prevent the realization of the mature conclusions formulated by the management, his function is to tamper with or delay.

It follows from this that the real power in shaping the bank or insurance company's operations is, or ought to be, centered in the manager. He alone possesses the knowledge and capacity to guide to success; and while he must sadly own that a board is a necessary evil, to submit his ripe views to the ordeal of ignorant and carping criticism on the part of others, demands the exercise of no small amount of patience. Thus, upon reflection, we cannot help thinking that much of what is said and written about the responsibilities of directors is based upon ignorance of the mechanism of business. Directors are simply the chosen representatives of the shareholders. It is with his Board that the manager consults regarding the general policy of the institution, and their intervention is seldom sought, save when he desires to relieve himself of responsibility. The entire power of the executive is centered in the manager, and everything takes its complexion from his mental individuality. He must be, to all intents and purposes, the bank or insurance company in his own person. Such being the case, it would be well for those who, whenever a bank or an insurance company is pronounced insolvent, are in the habit of preaching about the criminal neglect of duty by directors, to reflect upon what would result from unwise interference of ill-judging directors with the work of the general manager. The directing of directors should be reduced to a minimum, rather than increased. To insist upon the management and supervision of a corporation being conducted by its directorate would introduce a greater element of danger than that which arises from the incompetence and dishonesty of managers in whom the directors have had to repose confidence. When the subject of directors and their responsibilities is surveyed from this point of view, the outcry about their neglected duties and shirking of obligations seems like the clamour for victims to appease the anger of the shareholders.

Practically, the duty of directors is limited to outlining the general policy of the institution with which they are connected, and looking after the proper investment of its funds.

THE TRUE CAUSE AND SIGNIFICANCE OF PART OF THE BRITISH LOAN BEING PLACED IN THE UNITED STATES,

Of the war loan recently floated by the British Government for £10,000,000, or, in round figures, 50 millions of dollars, it is announced that one-half has been placed in the United States. The transaction is unprecedented, so far as English loans go, but the governments of other countries have borrowed money in the United States. In the early part of this year, the Russian Government borrowed $25,000,000 in New York, the interest being 4 per cent., and the principal being payable in gold dollars in that city. The loan was made on the express understanding that the proceeds were to be used in purchasing supplies for Russia in the United States. The amount of this loan therefore was transmitted to the borrower in goods, for which, when the loan matures, he, that is, the Russian Government, will have to pay gold in New York. The English loan to the extent of one-half might well have been raised in London, but it was desirable to sell the securities representing it to a buyer who would pay for the purchase in gold. It is obvious that the position of Russia in March last, when borrowing 25 millions of dollars from the States, was not as strong as that of England when recently borrowing the same amount in the same market, for, in the case of Russia, the lender dictated in what way he should advance the loan, whereas in the case of England, the borrower dictated terms to the lender as to what he, the borrower, would accept for his securities. In their exultation over the singular and unprecedented event of England borrowing from the United States, some of our friends in the South have entirely misunderstood this transaction. In the first place, the incident does not show that England was under any necessity to borrow money in America because home funds were not offered. That is not the case, for considerable dissatisfaction has been expressed in England at the new loan being so suddenly closed, before some of the leading capitalists had decided what to offer. Had the loan been kept open its full time, there would have been British bids for it very largely exceeding the total called for. But the money by which such subscriptions would have been paid would have been merely transfers of credits, that is, the new securities would have been paid for by cheques on the Bank of England, and other London banks, which would have been passed to the credit of the Government account. This did not suit the policy of the Bank of England, it would have been too much like taking 50 millions from one pocket and putting it in the other, or transferring a private deposit to the credit of the Government. The Government had, for a long time, been drawing gold from the bank for use in South Africa, so, to accommodate the bank, there was half the new war loan placed in the States on the express condition that gold was sent to the