

the reduction of capital account or its increase, the general result being a transfer of \$16,803,481 from the ordinary revenues of the country towards meeting the expenditures on canals, railways and for other purposes, such as are charged to Capital. There is no dispute about the propriety of distinguishing between current outlays for administrative purposes and expenditures on permanent works and on objects not justly chargeable to the revenue of the year in which they are made. But some sharp controversies have been carried on respecting the classification of certain items, both of income and expenditure, both as to the year to which they should be charged or credited, and as to the items in dispute being current or ordinary expenses, or of such a nature as to justify their being made a charge against Capital. Those familiar with the finances of any public institution, or a manufactory, or those of a company or firm which spends money on renewals of buildings, or plant, will understand there being an opening for differences of opinion on such matters. Expenditures which are made in order to maintain the value of a building, or plant, at the figure it represents in the capital account as originally charged should not be charged to that account, but only those, or the proportion of those outlays which increase the original value.

Companies and private firms have brought themselves into considerable trouble by borrowing money for outlays, which did not add a corresponding amount to the value of their property as represented in their books. They have thus become weighted with loans for which they have no equivalent assets, and their finances are very apt by such a policy to be thrown into disorder. This is a danger to which all governments are liable. Each administration is anxious to make a favourable exhibit each year, by avoiding a deficit; it is also under great pressure to spend money on all manner of public works for extensions, improvements, repairs, new machinery, etc., etc. To borrow the money needful for these outlays is a very easy operation, and the charging such outlays to Capital Account is an exceedingly plausible policy. It is also a popular course, for the people at large do not fully appreciate the imprudence of a government increasing the public debt by adding to it the amount of expenditures on public works which do not proportionately increase their value as assets. As this article, and the preceding ones, with tables showing the finances of Canada, are not written with a controversial intention, but merely to present the official figures in a readable form, we leave those who examine them to draw their own conclusions as to whether the different governments since Confederation have, or have not, unduly weighted the Capital Account of the country with charges in excess of the assets secured thereby. As the credit of Canada is involved in the strictest propriety being observed in charging all expenditures to revenue or to capital, as their nature dictates, the more the electors and our public men in particular,

familiarize themselves with such tables as we have presented, the higher will be the probability of the national finances being so managed as to maintain and enhance the high credit the Dominion enjoys.

NOVEL INSURANCE CASE.

(The Vigilant.)

An interesting insurance suit is pending in the Supreme Court before Justice Kellogg, in which it is to be determined whether the widow of a Cuban who resided in Matanzas is to be regarded as a Spanish subject, and as such has not lost her title to collect the insurance on her husband's life because Spain was at war with the United States.

Fernandez Valdez was a cigar manufacturer in Matanzas, and had an accident policy for \$5,000 in the Traders' and Travellers' Accident Company in New York. His factory was destroyed by the insurgents; he became discouraged, and is alleged to have committed suicide. His widow, Adelaida, made a demand for the insurance money upon the Company, which contested the claim.

Abel Crooke, counsel for the Company, claimed that inasmuch as Valdez had committed suicide, that fact alone vitiated the accident policy, and his partner said that, as an additional defence, the claim was set up that all existing contracts between citizens of this country and subjects of Spain were made null and void by the declaration of war, and that it would be aiding and abetting the enemy, Spain, were the insurance Company to pay the policy.

Carl Schurz Petrasch, attorney for the plaintiff, said yesterday that the Company's attorney, in answer to the claim of the plaintiff, said that the conditions of the policy in relation to notifying were not complied with, and further that the insured committed suicide, which was excluded by the terms of the policy. The plaintiff thereupon, continued Mr. Petrasch, claimed that the Company, by receiving and accepting proofs of loss, waived the provisions of the policy relative to notification. This side of the case came before the Appellate Division of the Supreme Court, which sustained the plaintiff in regard to the notification.

"The defendant now claims," Mr. Petrasch went on to say, "that the plaintiff resided all her life in Cuba as a subject of Spain, and hence could not recover against the defendant, which was a New York Corporation.

"The old rule of law was that all rights of citizens of sovereignties at war with each other were forfeited, and became void as soon as war was declared. The more modern and equitable rule is that the courts are closed to the citizens of the hostile country during the period of hostilities only, and that as soon as peace is effected the rights of the respective parties are revived without prejudice.

"The United States Supreme Court has held that the statute of limitations does not run during hostilities.