as the old channel of the river San Juan is blocked at Greytown by silt, and the outlet to the sea now passes some distance from that port through Costa Rican territory. The canal, therefore, would be at the mercy of those States, though, doubtless, they would be seized by the United States were those little republics to obstruct the canal. The military protection of the canal by the United States could not be undertaken without the consent of Great Britain, nor its exclusive control by that power, for both are forbidden by the Clayton-Bulwer treaty of 1850, which is still in force. We are satisfied, however, that this obstacle would be removed by an arrangement either to neutralise the canal, or to place it under the joint control of Great Britain and the States. Either nation could readily deprive the other of its use in case of war, and were its use denied to the European powers by the States, in case of the canal being entirely under American control, the time would certainly come when such a dog-in-the-manger policy would provoke hostilities. It would be intolerable that vessels from the Atlantic ports of the States could pass via the canal to their western ports, and to the eastern seas, while Canadian and other British vessels were compelled to take a route thousands of miles longer and more hazardous. When Lord Salisbury declared that the expansion of the United States was a new menace to peace, he, no doubt, had the projected canal in his mind, for its construction involves such new conditions as would be highly calculated to create dangerous friction between America and Europe. Canada then having trade interests which would be materially furthered by the Nicaraguan canal, and being so circumstanced as to be seriously injured were it ever to provoke hostilities between Great Britain and the States, or even any disputes threatening such a result, the influence of this Dominion should be exercised in promoting an arrangement for the canal being declared neutral, or being placed under the joint protection of the United States and Great Britain.

THE INTEREST PROBLEM IN LIFE ASSURANCE.

An extremely interesting article by Mr. A. G. Mackenzie, F. I. A., appears in the current number of the *Bankers' Magazine*. In his references to the absolute necessity for enlargement of the investment power, Mr. Mackenzie points to a coming period when the best class of securities will yield much less interest than at present. But he believes, with Mr. Spencer C. Thomson, the Manager of the Standard Life Office, whose address to the Edinburgh Actuarial Society was reviewed at some length in these columns, that companies having sufficiently wide powers of investment will be able to earn four per cent. on their investments for many years to come.

Dealing, as Mr. Mackenzie does, with the astounding increase in the amount of accumulated funds under the control of life assurance companies, the article under review is deserving of careful perusal by all who are interested in a problem now confronting the best intellects in an ever-growing business, and we regret that our space will only admit of the publication of the following extracts:—

The hoarded thrift of generations bids fair to glut the investment market with a plethora of comparative capital. The first annual volume of Parliamentary Returns made by the companies under the Life Assurance Companies' Act of 1870 appeared in 1872, containing principally statements in respect of the financial year of 1870; the latest was published a few months ago, dealing, for the most part, with the financial year of 1896. In the twenty-six years embraced between the dates of issue of these returns, the invested assets of offices doing ordinary life business have more than doubled in amount, having increased from 106 millions to the enormous sum of 234 millions sterling. This shows an average increase over the period of five millions a year, but the actual addition to the assets in the last year under observation was twelve millions. Supposing a similar progression to continue for the following twenty-five years, the returns for 1921 (to be published in 1923) will show invested assets of over 500 millions sterling, and the amount of increased assets in the year 1921 will approximate to twenty-five millions. The course of another quarter of a century would proportionately lead to more than 1,000 millions, representing the value of the assets appearing in the combined balance sheets at the close of the year 1946, and to over fifty millions having sought fresh investment during that year, or about a million for every week of the year. The funds of the various companies, leaving industrial offices or departments out of consideration, would then exceed by about 50 per cent. the present amount of the National Debt; while their revenues might bear a similar relation to the national income, about one-third of such revenues being carried forward after payment of outgo. It is perhaps useless to speculate as to what will be the position of the companies' funds at the end of a hundred years, although a century will probably represent but a small fraction of the duration of life assurance business in this country; but we are now only looking forward to a period of forty-eight years from the present date, which a vast number of those now assured may hope to see completed. A generation ago an assurance company possessing solid assets of a million sterling was reckoned a large institution, but the day does not seem far distant when an office holding less than five times these resources will be looked upon as a minor concern. It is possible that some of us may live to see a hundred millions owned by a single institution.

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If a lengthened period of peace and prosperity is still before the country, the fall in the general rate of interest all over the field of investments is likely to be more rapid; and financial prophets are already anticipating, at a not distant date, a time when gilt-edged securities will with difficulty be brought to yield 2 per cent. In the scramble for such securities a good deal of the gilt will doubtless be rubbed off the edging. But there remains a hope that insurance offices will be able to invest their funds in securities which will give a better yield, and many of them are enlarging, or have already enlarged, their powers of investment with this end in view.

The result is even now apparent, for, when profits on realization and revaluation are taken into account,