signed, the object of the memorial not being to pray the Legislature to interfere to enforce payment, but simply to bring a question, which seems to the memorialists to reflect upon the credit of Canada generally, before the highest authorities of the land.

Under these circumstances, we are desired to beg the favour of your informing us whether, in the event of the committee waiting, through a proper introduction, upon his Grace the Duke of Newcastle, he may be induced to allow the memorial to be forwarded with his own Despatches to his Excellency the Governor of Canada.

The committee, in asking this favour of his Grace, deem it but right that any communication from them to his Excellency, should pass through the proper official channel, and the bondholders feel that if this facility be granted, their interests are less likely to suffer

Waiting the favour of your early reply,

We have, &c.
(signed) *Dawes & Son.*

Enclosure 1, in No. 1.

Encl. 1, in No. 1.

EXTRACTED from "The Money Market Review," 18 January 1862.

To the Holders of the Debentures of the City of Hamilton.

Gentlemen, City Hall, Hamilton, Canada West, 6 December 1861.

I AM directed by the Corporation of this city, over which I have the honour to preside, to inform you that its affairs are in a very embarrassed position, and that it will be unable to meet the interest falling due on its debentures on the 1st January next, or the principal of those debentures now maturing. It is with very great reluctance that the Corporation has come to this conclusion, but the suspension of payment is unavoidable, as the liabilities of the city for the current financial year are so large, that it would require a tax of 10 *s.* 6 *d.* in the pound on its assessed annual value to meet them, a rate which would cause people to remove from the city, and thus destroy the value of the property which forms the security of the creditor. This suspension of payment, apparently sudden, arises in part from the circumstance that the Corporation is called upon this year, for the first time, to meet the interest on the heavy expenditure of the city for waterworks, the water commissioners having previously paid it (necessarily out of capital), during the construction of the works, and further the disappointment in not receiving from the Hamilton and Port Dover Railway the interest on the city debentures issued for that work, which the city should have received during the period of construction. It is proper to state the origin of these difficulties. The growth of this city from 1851 to 1856 was very rapid, with every prospect of continuing to improve, which induced its inhabitants to assist in the construction of four lines of railway leading to the city; and to add to their safety, health, and comfort, waterworks were determined upon. These undertakings caused the large expenditure of 1,666,000 dollars (342,328 *l.* sterling); but it was confidently believed that the railways would be beneficial, both directly and indirectly, and that the waterworks would probably pay the interest on their cost. Unfortunately, however, two of the railways are unfinished, and the other two pay no dividend at present, while the waterworks yield only a small proportion of the interest on their cost. In addition to these causes of embarrassment, the commercial crisis of 1857–58 was so severely felt, that the population of the city greatly diminished, the annual value of real estate became depreciated, and the resources of the municipality seriously curtailed. Every exertion has been made to maintain the credit of the city, but it is found impossible to continue to do so under existing engagements, and it is with extreme regret that the Corporation has to suspend payment. Under these circumstances the city Corporation appeal to their creditors to give them time to apply to the Provincial Parliament for some measure of relief, to accomplish which they have taken active measures by communicating with other embarrassed municipalities to advocate a combined plan of action. I enclose a copy of a report on the subject. The Corporation obtained from the Legislature, at its last session, an Act, enabling them to consolidate their debt by the issue of debentures at a longer date, for the redemption of those now in the hands of their creditors, and (in the event of no adequate relief being obtained from the provincial Legislature), should the bondholders consent to accept a much lower rate of interest, and defer the payment of the principal until such a time as a reasonable sinking fund would accumulate to meet it, the Corporation would consider any proposal emanating from them. A full statement of the financial affairs of the Corporation, together with certain other statistical information calculated to throw light upon the present embarrassed condition of the city, will be forwarded to you at as early a day as possible.

I have, &c.
(signed) *H. M'Kinstry*, Mayor.
