

Petition of Hamilton representing that the City had issued debentures for £104,600 Sterling, and £91,470 Currency, in all nearly a million dollars for various objects "which from various causes have proved to be unremunerative;" also debentures for about another million dollars, for waterworks (substantially constructed under the direction of the late Mr. T. C. Keefer), and for "other local improvements from none of which is any adequate return at present received." The Petition of Hamilton stated that there were "considerable arrears of interest," "judgments," "much litigation," and that "the finances of the Corporation have consequently become embarrassed."

The Statute authorized debentures payable in 30 years (1894) at a reduced rate of interest (gradually, however, to be increased) which the creditors, or at least a majority of them, were willing to accept.

By the City of Hamilton Debenture Act of 1893, 56 Vic., Cap. 65, the City of Hamilton was authorized to renew some of these debentures for a further period of 40 years, i.e., until April, 1934.

An elaborate report on the Municipal-Loan Fund prepared by the Hon. E. B. Wood, was presented to the Ontario Legislature and printed as Sessional Paper No. 8 of 35 Vic., 1871-2, and the details of the scheme by which the Fund was wound up appeared in the Sessional Papers of 1874, No. 13. Both of these historic Sessional Papers are worthy of careful study by all interested in, and especially by all responsible for the financial affairs of Ontario municipalities.

A few years after this closing of the matter, viz., in 1883, when the details were fresh in the minds of all, the results were described as follows: "Important sections of the Province were retarded in the march of improvement and property there was depreciated in value."

It is to be borne in mind that before the disastrous Municipal Loan Fund was inaugurated, Upper Canada was making steady and indeed rapid progress. It was being settled by an energetic population, and, before the retardation above referred to, was making as satisfactory progress as, for instance, Ohio. The fact that some Ontario municipalities have now to pay about double the rate of taxation in such Ohio cities as Cleveland, is a serious handicap in the keen competition we must shortly face.

Some of the lessons to be gathered from a consideration of the history of the Municipal Loan Fund are:

- (1) That moneys borrowed or guaranteed by municipalities as well as by individuals must be repaid, and with interest.
- (2) That permanent prosperity cannot be founded upon the extravagant expenditure of borrowed money.

At the present moment expenditures of public money are popular, and professional politicians, who can bring great pressure to bear upon the authorities, are able, in the present state of the public mind, to secure more votes by advocating the expenditure and waste of public moneys than by advocating the saving thereof. For the time being, economy is unpopular, but, judging from the experience above referred to, this will not last many years, because the time for repayment of the moneys now being borrowed with interest is arriving with sure and steady foot.

Many people are at present under a complete misapprehension as to the effect of such public debts and are acting under the delusion that they