

ONTARIO LOAN COSTS 6.31 P.C.

Hon. T. W. McGarry Explains
Details to the
Legislature

CAPITAL FOR HYDRO

Some Brokers Sent Out Literature
Before Proper
Time.

The Provincial Treasurer, Hon. T. W. McGarry, yesterday told the Legislature about the \$3,000,000 Provincial loan which has just been floated. He said that a loan in New York would have been impossible at less than 8 per cent., and the brokers in Toronto at first would not guarantee to purchase bonds at 6½, but they were willing to take an option on them. He then saw Sir Thomas White and made arrangements for money at 6½ per cent. On the 4th of February Sir Thomas White asked him to feel out the market here, and place a loan in this Province if possible. The Province of Ontario was anxious not to interfere with the Liberty loan.

"We had in mind that the Dominion Government must go into the market this year for \$400,000,000 at least. That is the estimate of Hon. F. B. Carvell," said Mr. McGarry. When he commenced negotiations with the Toronto brokers he specified that the loan should be at better terms than 6½ per cent., and he gave three companies, Messrs. A. E. Ames & Co., Messrs. Wood, Gundy & Co., and the Dominion Securities Corporation, authority to place \$2,000,000 of Ontario bonds at 6 per cent., provided they could place these bonds where they would not interfere with Dominion financing, and on the understanding that the investors who bought them undertook that the bonds would not be placed on the market. What the bond dealers got was the right to feel out the market. No sale took place and no communication came from them between the 4th of February and Monday of this week, when Mr. Wood intimated that they had succeeded in placing the

\$2,000,000 in such a way that they would not come into competition with Dominion bonds.

Capital for Hydro-electric.

Yesterday Mr. Wood said they could place another \$1,000,000. The Province would probably require \$8,000,000 for capital expenditures this year, most of it for the Hydro-electric.

The money will cost 6.3166 per cent. The loan was not finally put through until yesterday. Mr. McGarry said that in his judgment no Government in Canada had placed a loan recently on such favorable terms. "It would have been a black-eye to the Province if we had not been able to place the loan, and consequently no announcement was made in the papers," said Mr. McGarry. "There has been no commission paid by the Province. The \$2,000,000 issue was sold at 97 and the \$1,000,000 at 99, the average price being 97.66. Not one bond was authorized to be issued until yesterday, and I take a good deal of pride in announcing these terms."

Mr. Proudfoot Questions.

Mr. Wm. Proudfoot, Opposition leader, said: "The explanation given by the Treasurer does not quite coincide with the facts as I understand them. If the \$2,000,000 loan was to be sold to the large companies, why was it that these companies sent out circulars indiscriminately throughout the Province asking people to subscribe to the loan? For instance, some circulars were sent to my law office because we have been in the habit of selling bonds. Why did they try to sell these bonds to farmers, townsmen and other residents? I accept the Treasurer's statement that he has made a good loan, but it is unfortunate that the circumstances gave rise to so much question and criticism. I would not say anything that might be detrimental to the credit of the Province. Some kind of arrangement was made, but apparently the bond dealers did not carry it out. Anyway they were taking a dead sure thing. It is one of the most favorable loans ever offered to the people so far as interest is concerned, and I have no hesitation in advising clients to buy the bonds. The interest is certainly higher than we ever paid before. Did the bond dealers carry out the arrangement with you, or had they no right to send out circulars broadcast?"

Mr. McGarry replied that it was admitted by one of the brokers that some of the advertising matter sent out was not in keeping with the arrangement. The Provincial Treasurer added that he had been informed by the bond dealers that the loan has been placed chiefly in large amounts.