

The saga of these perpetual bonds tells its own story. In 1936 the government of this country placed an ad in the September 10 edition of the *Toronto Star* announcing a wonderful new concept in financing, which read in part:

No one has ever lost a dollar of principal or interest by investing in Dominion of Canada bonds. From the standpoint of security of principal and ready marketability, there is no type of security available in this country that can compare with these Dominion of Canada bonds. We recommend these bonds for investment. The yield, approximately 3.11 per cent, is an attractive one.

Put an advertisement like that in the context of the year 1936 and it is easy to understand why Mr. Mackenzie King's government would have sold a total bond issue of \$55 million. These bonds were sold at a time when most Canadians had lost their savings to the depression. They were sold at a time when a worker making \$50 a week was considered highly paid. These bond holders were sold on the idea that a government bond was the highest security you could possibly own. Think of the general mistrust that people held for banking institutions, and you can realize that even with bank interest paying out 3 per cent these people had no logical reason, except fear for their savings, to buy these perpetual bonds. They were putting their faith in this country's future at a time when such faith was an expensive and rare commodity.

What is the record, Madam Speaker? Current market prices for the bonds, which sold in 1936 for \$96.50, stand at between \$36 and \$40 today. That, I remind you, is in terms of today's dollars, which compared to the dollars of the 1930's is something quite different. In 1936 \$1 would pay for five pounds of sugar, one dozen eggs, one quart of milk, one pound of butter and a pound of high grade hamburger. If the government pays these bonds back in today's dollars, you might be able to see some change after a dozen eggs and a package of chewing gum. In the simplest of terms in which I can phrase it, I am asking the government to repay the original holders of these perpetual bonds without shrinking behind technicalities.

My motion No. 29 should be slightly changed to read as follows:

That, in the opinion of this House, the government should reconsider its decision to redeem the 3 per cent perpetual bonds issued in 1936 on September 15, 1996 and redeem them instead through a scheme whereby (a) original purchasers would receive full face value for their bonds immediately—

Then (b) and (c) remain in the same terms.

What we call for with this motion is the simple application of commonsense and justice. For the many original holders of these perpetual bonds, redemption in 1996 means nothing whatsoever. These people should be allowed to redeem these bonds right now so they can get their money when they need it.

In the past, members of this chamber, such as the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), the hon. member for York North (Mr. Danson), a representative from the Social Credit party, and myself have met with the Minister of Finance in order to try to get something done in terms of justice for these people who bought these bonds in 1936. We are not here to pave the way for speculators who could easily profit should the government decide to give blanket recall to this \$55 million issue.

### *Perpetual Bonds*

However, what should be remembered and never be forgotten is that many Canadians currently holding these perpetual bonds are senior citizens who must surely be bitter about sinking their hard earned money into an apparently lost cause. I urge the government to help dispel the feelings of these Canadians who must surely sense a certain hypocrisy on the part of the government which only last election promised to take better care of its senior citizens. Many of these people feel that if the government were in fact serious it would make these perpetual bonds redeemable at face value, not in 1996, when unfortunately many of them will certainly be dead, but now when they need the money so badly.

This surely becomes a matter that is more than just dollars and cents. It is simply a matter of justice, a matter of honour. Even with the March 18 announcement to redeem these perpetuials in 1996, there are many original holders of these bonds who not only feel cheated out of their money; they must also feel a little foolish for investing the fruits of their labours in such an obviously futile exercise.

• (1610)

Surely this is not the only means we have at hand to reward these senior citizens who have worked for years, played an active role in Canada's development, and who now deserve a fair measure of the life to which all Canadians are entitled. Is it in fact fair to throw back into their faces the years of productivity and faith which they gave unquestioningly to the Government of Canada, by refusing to help them in this way?

I feel certain that the government recognizes its obligation to those who cared enough to invest in their country's future in the depth of the depression of the 1930's to do something now to assist them in their present position of adversity.

I realize the complex problems and difficulties of a government commencing on a program of assuring the value of bonds in an inflationary situation, and all the difficulties this would bring about in terms of debt refinancing and management. What we are asking for is simply to recognize the importance of taking that small portion of the outstanding debt of the Government of Canada today out of its portfolio. It is a minuscule portion, practically nothing. It amounts to only \$55 million out of the total portfolio. These bonds were sold to a great many Canadians who really believed they were buying security that they could use to help support them in their old age.

Three per cent perpetual bonds have no place in the portfolio of the Canadian government's bond holdings. I urge the government to take some action, in the name of justice and equity, without in any way upsetting the whole pattern of government financing, to remove these perpetual bonds from its holdings, thereby rewarding these people and allowing them to recover their investment of 1936 in the form of security. I am sure these would never be used today, and will probably never be used again. The government should get these out of its portfolio by allowing these people to redeem their bonds at face value. This will assist them to deal with the problems they face when living in this inflationary economy.