

*Perpetual Bonds*

this matter out. There are only one or two points I wish to make.

I think the measures announced by the Minister of Finance (Mr. Turner) do not meet the problem. The real difficulty lies in the fact that the big, sophisticated investor and those who had bonds and securities, have unloaded them. The people holding bonds are the little people, and those are the people who should be helped. I think the motion is a good one.

**Some hon. Members:** Hear, hear!

**Mr. Francis:** I would like to make one suggestion which I hope the Minister of Finance will consider. In addition to the redemption date there should be an annual sinking fund. I think the Government of Canada should go into the open market and buy a certain number of these debentures each year. The effect will be to improve their price and reduce the supply on the market. As the debentures and perpetual bonds reach maturity, they would come much closer to their face value. It would be a very inexpensive measure compared with the figures dealt with in the budget of the Minister of Finance. But it would be a simple equity to the people who are deprived of their confidence in the government. Those people are mostly elderly people who did not know enough about the operation of financial markets to unload these bonds before they reached the disgraceful point at which they are now.

● (1650)

**Mr. Ross Milne (Peel-Dufferin-Simcoe):** Madam Speaker, I should like to make a few comments on this question.

**An hon. Member:** Why don't you sit down?

**Mr. Milne:** Madam Speaker, I wish to speak on this subject, not because I have a financial background, nor because I am possessed of financial wizardry, as is the hon. member for Don Valley (Mr. Gillies), nor because I have established a reputation in the financial world, as has the hon. member for York-Simcoe (Mr. Stevens), but because I am concerned about it. This concern has been communicated to me in a number of letters. I think most members have received letters in response to the advertisement which was placed in the newspapers and which announced that the government will redeem these bonds in 1996 at par.

The point I make is this: where does one draw the limits, if one wants to be fair? I have listened to a number of solutions put forward by hon. members who spoke in support of this motion. Although their suggestions, if followed, might help to solve the problem for a number of people, they would only create problems for others. Unless the government could buy out the issue, I do not see where the difficulties could end. As I say, I have no background in finance and I am not a lawyer. But I have talked to a number of people knowledgeable in this subject who have practised law and who have settled the estates of rural people. Actually, I think we are talking about only some relatively small investments which many of our senior citizens possess.

[Mr. Francis.]

If you talk to lawyers who deal with people's estates, particularly in rural areas, you will find that people possess a number of bonds which relate to utilities on which the interest rate is even lower than on the bonds we are considering. Certainly people many years ago bought bonds associated with railway projects, and with projects in which the government participated. Many of those bonds are almost worthless now. How are you to deal with such people? Some of them have been hurt badly as a result of investing in the investment climate of those days. They were hurt when they tried to reach for a star in a period of economic hardship. Are we to ignore this large group and show concern only for 148 people? I do not think anyone has said so far that there are only 148 bond holders left of the original number in 1936 who bought these bonds. Only 148 people hold these outstanding bonds. Suppose you do redeem these bonds, as some suggest, what are you to do about those who purchased bonds in 1937 and 1938?

It is difficult to define limits. For example, I suggest that members who have met constituents in their ridings in connection with the \$500 first-time housebuyer program announced in this House and the \$1,500 Ontario program which is aimed at the same end will know how hard it is to define the date on which the program was to start and the conditions which limit the program.

How would the proposal of the hon. member for Don Valley be carried out? How can we do what he suggests and be fair with other people? How can we deal fairly with people who held these bonds in the 1930s and the 1940s?

**Mr. Gillies:** Look at section (b) of the motion.

**Mr. Milne:** Frankly, I do not know how you can validate the period in time at which these people purchased these bonds. Perhaps the difficulty would not be so great if the date of purchase could be verified, if it had been recorded—

**Mr. Gillies:** Read section section (b) of the motion.

**Mr. Milne:** I have read it. I suggest that the hon. member, in his argument, did not say how he would handle this problem. I find that difficult to understand. I have all the sympathy in the world for those affected by the motion, and I agree with much that has been said on this subject, but I have yet to hear clearly how this suggestion is to be implemented.

I think the argument was advanced by the mover of the motion that, essentially, you would deal with the original purchasers. Again I say there are only 148 of those original purchasers left. Then it was argued, subsequently, that this provision should be extended to those who have held these bonds for nearly as long as the original purchasers. That is the point. How can you determine this?

**Mr. Gillies:** Will the hon. member permit a question? Does the hon. member not think that section (b) of the motion deals with that particular problem?

**Mr. Milne:** That is the very point I was making: how does one validate the dates and the length of time for which people have held these bonds? Are you to take their word? How are you to do this? That is the entire problem.