such yield to the original purchaser. The yield to the original purchaser is 3 per cent, and when the bonds were put on the market in 1936 the purchasers bought them in good faith. If you were old enough to buy a bond in 1936, without doubt you are now old enough to be an old age pensioner. They bought the bonds believing in the financial credibility of the government, and I believe this government should be fiscally responsible even though 40 years have elapsed.

These poor people who are now drawing their old age pension have supplemented their income with this miserable three per cent return on their original investment. But the original investment was made with very hard dollars indeed. As pointed out by the hon. member for Don Valley, in those days a dollar was something to behold as far as purchasing power was concerned, compared to today's super inflated dollar.

An old age pensioner would need to hold $50,000 worth of bonds before realizing any net gain from having entrusted the government with that money. In 1936 almost no one had $50,000. Everyone who bought bonds in a lesser amount is now receiving no material benefit whatsoever. The reason is that 3 per cent of $50,000 comes to about $1,500 a year. An old age pensioner with an income of $1,500 a year does not receive the guaranteed income supplement and would have been just as well not to have bought the bonds at all. Some of them gave up a tremendous amount in real money because they trusted the government of the day. For the past nine years, since it became legal for the government to pay off these bonds, these people have been waiting for some action.

This spring the Minister of Finance did finally agree to do something but the measure he took was of little value to the people about whom I am concerned. That is why the hon. member for Don Valley divided his motion into parts in order to make a case for the original purchasers of the bonds. Surely we can do no more than give them back their original money's worth. I would strongly recommend to the members of the government that for once in their long reign over this country they treat these old age pensioners with equity.

Mr. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I wish to say a few words in support of the plea made by the hon. member for Don Valley (Mr. Gillies). I found it rather amazing to listen to the argument put forward by the hon. member for Maisonneuve-Rosemont (Mr. Joyal). If he could persuade the people who own these bonds that they are really getting 8 per cent or 9 per cent, he should go into the public relations business. Of course if he could get the government to depress the value of those bonds to $10, then $3 would be 30 per cent, and if he could get the government to depress it to $3, the interest would be 100 per cent. That sounds ridiculous, but I suggest that the arguments put forward by the hon. member and the Minister of Finance (Mr. Turner) are just as ridiculous.

The plea made by the hon. member for Don Valley, and supported by the hon. member for Victoria (Mr. McKinnon), is not that a bonanza be given to speculators who picked up the bonds in recent years but rather that we protect the position of the original purchasers. There are others who purchased in the years shortly after 1936 who

[Mr. McKinnon.]

deserve some protection as well, and I think the hon. member for Don Valley has covered that very well in part (b) of his motion.

It seems to me that when the problem of these perpetual bonds finally became apparent to the Minister of Finance and he realized that he had to do something about them, there were two aspects to be considered.

One of the problems was that of the government itself. It is true that the bonds were perpetual. By all the dictionaries that means they would go on forever. But no government can rest easily with the idea of having bonds around forever and a day and a thousand years after that, so this government tried to find some way to get rid of the proposition.

The other aspect of the problem was the rights of the original holders and of those who obtained the bonds shortly after 1936.

Those were the two problems; one to get the government out of the business of perpetual bonds and the other, meet the needs and the rights of the holders of the bonds. The Minister of Finance came up with a clever idea to meet the first problem and get the government off the hook, but he has done nothing to meet the needs of the people who in good faith put their money in government bonds many years ago.

All the government has done is get itself out of the business. The other problem, namely, what to do for the people who hold the bonds, still stands. I think the hon. member for Don Valley is quite right in proposing this motion this afternoon.

I know we are continually fed the idea that when those people bought these bonds it was in the nature of a contract. That argument is advanced as well on the matter of government annuities. But, Madam Speaker, there are other bonds and investments concerning which the terms have been re-written. We have escalation of pensions of all kinds; Canada savings bonds have been improved so that there is more interest than was in the original contract. So I think it is unfair to discriminate against the holders of annuities and against those who bought these perpetual bonds in 1936.

Accordingly, Madam Speaker, I want to indicate full support for the position taken today by the hon. member for Don Valley.

The Acting Speaker (Mrs. Morin): The hon. member for Vancouver-Kingsway (Mrs. Holt).

Mr. Dinsdale: The voice of the little people now.

Mrs. Simma Holt (Vancouver-Kingsway): That's right; Madam Speaker.

The motion in the name of the hon. member for Don Valley (Mr. Gillies) embraces proposals which have been enunciated in the House for some time. Were it possible to find the original investors and authenticate those people who invested in Canada in its time of trouble, I would say certainly we should redeem these bonds immediately, or in 1976, 30 years later, instead of 60 years later.