

capital gains payable by existing shareholders who sell significant blocks of shares to qualified worker-ownership groups.

• (1520)

We also need the development of a package of flexible debt financing instruments, loan guarantees, low interest loans, et cetera. I think if we move in this direction, the direction of encouraging this kind of social ownership, we will actually establish in this country some new innovations and some new initiatives in terms of bottom-up community development. It will give us new jobs in many parts of the country. It will preserve jobs in many parts of the country. It will give us fairer potential opportunities in many poorer regions of this country. It will, finally, and most important, give a greater sense of worker self-direction in many of the enterprises established through this form of social ownership throughout Canada.

**Mr. Scott Thorkelson (Edmonton—Strathcona):** Mr. Speaker, I am very pleased to address the hon. member's motion. The context of my remarks have mainly to do with the broader question of social ownership. I did not realize the hon. member would address a specific aspect, that being co-operatives. But he has, and I would like to respond specifically to some of his remarks.

I believe that his goals are laudable, that is to have people control their own destinies through taking over companies which fail, and so on. He talked about equality of treatment, equality of opportunity and, third, that the government should overtly encourage worker co-operatives or production co-operatives by means of tax credits, flexible debt financing, loan guarantees and so on.

I believe the government could perhaps give them equality of treatment and equality of opportunity through some legislative measures if there is in fact discrimination. It is my belief that there probably is not discrimination. For example, if it means doing something along the lines of the way we fund housing co-ops, then it is just another market distortion means of interfering in the economy.

I would like to take an example of one housing co-op, the Sundance housing co-op in Edmonton. It was built in 1977. It receives no less than four government subsidies. This is fine if we are to provide housing for low and

### *Private Members' Business*

modest income people, but it distorts the housing market when we are providing housing accommodation for those high income people who are earning over \$50,000. The four subsidies are a \$280,000 outright grant, which is 10 per cent of the mortgage; a preferential 9.5 per cent mortgage, which was given for 50 years; a special, one time only, 1.5 per cent mortgage reduction subsidy for 50 years, which brought the mortgage rate down to 8 per cent; and the fourth subsidy, a \$30,000 a year subsidy to the whole project. That is fine. Low income people and modest income people receive a subsidy. Of this \$30,000 a year subsidy, people earning over whatever the cut-off rate is, I believe around \$22,000, pay a modest surcharge of \$72 a month.

A recent study done by CMHC said that 9 per cent of Canadians who live in these housing co-ops earn over \$50,000. This is a terrible distortion of the housing market if they are taking advantage of up to four subsidies like are offered in the case of the Sundance housing co-op. If the hon. member is speaking of these types of subsidies when he talks about flexible debt financing, loan guarantees, tax credits and so on, I do not think we want anything.

Further on the matter of the Sundance housing co-op, it is my belief that the high income people should, after a period of time, when their incomes reach 50,000, move on to allow low income people or modest income people to have affordable housing. Thirty-four per cent of the people living in the Sundance housing co-op can afford a mortgage on a modest home. Why is the Government of Canada subsidizing them?

We cannot, with a \$30 billion deficit each year on a debt approaching \$350 billion, afford to keep subsidizing this and that and everything else. For your information, Mr. Speaker, there is a member of Parliament living in the Sundance housing co-op, the member for Edmonton East. He lives with four other people there, pays as his share less than \$200 a month rent. I estimate the rent money that is paid on each unit is one-half of what it would cost in the private sector.

What happens is sometimes a clique develops which really distorts. There is a committee. They pick who comes into the co-op and once again, that is distorting the market. They are laudable goals that the co-operative movement can achieve, but sometimes by perpetuating some of these distortions and abuses of government