

when the government acts, it inevitably affects social needs and social reactions in that part of the community.

● (1750)

I would like to draw the minister's attention to some of the social effects of this particular bill on the people in the community. Members of the House know me well enough to appreciate that the tax relating to liquor and alcoholic beverages will not affect me much. I think probably the whole alcoholic industry could be diverted to the production of gasohol and in this way would probably serve us a lot better. In any event, the change will not really affect me, and I have no axe to grind in this regard. However, I am concerned about the social effects of this particular piece of legislation.

I have before me statistics, which have been given, I am sure, to every hon. member, regarding the apparent effect of tax legislation on wine, beer and distilled spirits, and the change in consumption patterns resulting from taxes levied on those products.

It is my understanding that prior to April, 1980, and the imposition of these tax changes, for the period 1974 to 1980, the average annual percentage change in respect of beer was 1.7 per cent, in respect of wine 8.3 per cent, and in respect of distilled spirits 3.3 per cent. However, between April, 1980, and January, 1981, the percentages of sales compared to the previous period were as follows: a decrease of 3.6 per cent for beer, a decrease of 1.8 per cent for wine, but an increase of 4.6 per cent in respect of distilled spirits. If we accept these statistics, we see that there has been a radical change in the consumption of what we call hard liquor.

My question to the minister and those on the treasury benches generally is whether it is in the interest of the government to bring about tax changes which encourage an increase in the consumption of hard liquor. Given the fact that the public is going to continue drinking beer, wine and hard liquor, is it in the interest of the government to encourage the public to increase consumption of hard liquor by changes in the tax structure?

The government has an obligation to look at the social effects of the tax measures it brings forward. In the measure the government now wants to validate through Bill C-57 it is implicitly saying it wants people to be deterred from drinking those beverages with less alcoholic content, and wants them instead to drink beverages with greater alcoholic content.

I keep wondering in the back of my mind what percentage of the revenue the government collects through these taxes is being spent on programs to alleviate problems it creates through the encouragement of the consumption of alcoholic beverages? The government collects "X" millions of dollars per year in taxes on alcoholic beverages. What percentage of that revenue is it spending on health measures, rehabilitation, and so forth? It seems to me the government is making money on something that is a potential health hazard to Canadians.

Secondly, I am concerned, as are other members, about the indexation provisions of this measure, what can become a hidden tax, and I am concerned for two reasons. This measure

Excise Tax

perpetuates increases in the future. An automatic continuation of these increases is wrong. The government is already making money on inflation in the way it is indexing taxes and in the way taxes are increased by percentages. In this way it is creating a situation in which it makes more money on inflation. I think the minister has to agree with that. The government increases its revenues every year because of the percentage basis on which it operates. If it does that in this area, it seems to me it is perpetuating something without examination, and that is wrong. One of the fundamental functions of Parliament is to examine and re-examine. Through indexing this increase, the government is taking that function away from Parliament, making it an automatic process.

The third subject matter I wish to speak to relates to clause 12 and really has to do with social policy as it is affected by taxation. Clause 12 deals with the tax to be imposed on the sales of metric scales. The clause reads:

(2) The tax imposed by section 27 shall be imposed only on fifty per cent of the sale price if manufactured in Canada or fifty per cent of the duty paid value if imported, of metric retail scales having a maximum weighing capacity of one hundred kilograms and specifically designed for the weighing of goods in retail operations, when sold or imported before January 1, 1984.

If there is one policy other than the government's policies on energy and the Constitution which creates alienation, particularly in western Canada, it is its policy on metric conversion. In this bill the government indicates it is going ahead with its metric policy by which all retailers will have to buy scales in metric—they are being forced to buy new equipment—but the government is going to be very nice and will impose the federal tax on only 50 per cent of the value of those scales. "Aren't we great guys? What a wonderful lot we are", they say. Let me say to the minister that if he wants to increase the feeling of hostility out there in the small business community, he simply has to continue the imposition of metric by compulsion and then punish that community through taxation for obeying government orders. That is wrong. Then it compounds that sense of hostility by making it look as though the government is doing the small businessman a favour by taxing only 50 per cent of the value of the scales.

I am concerned about the social effects this kind of legislation will have on the business community and the consumer, because the small businessman has to pass this tax on to the consumer. If witnesses are correct, the change to metric will cost us at least \$500 million and the consumer will have to pay that. Mr. Speaker, I see that it is six o'clock.

[*Translation*]

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.