

Oral Questions

We think that over a period of one year or a year and a half not only will this program be effective but we will gain more revenues than we have right now if we are successful and we intend to be successful.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, I have a supplementary for the Prime Minister on the revenue side.

• (1425)

The Prime Minister said that the proposed tax cuts in connection with the action plan on smuggling will reduce federal revenues in the fiscal year 1994-95 by approximately \$300 million. This figure is obviously based on certain assumptions about provincial participation.

Could the Prime Minister tell the House what the total loss in federal and provincial tax revenue would be if all provinces participated in the plan to the same extent as Quebec?

Hon. Paul Martin (Minister of Finance and Minister responsible for the Federal Office of Regional Development—Quebec): Mr. Speaker, from the federal government's point of view, the fact is that the more provinces that participate, the greater the legal sales that will occur and therefore the less the hit on the federal government.

The numbers that we have, and these are really based on an average, show that in the first year, as the Prime Minister has said, there would be a \$300 million hit coupled with an approximately \$150 million inventory rebate. That will very quickly decline to \$25 million in the second year. In fact by the third year the nation's fisc begins to show a substantial improvement, rising to \$150 million to \$275 million.

In addition to the costs that I outlined at the beginning, it would appear that there would be approximately \$150 million to \$160 million of enforcement costs arising out of RCMP, customs, justice and health.

That does not lead to very substantial government revenues that are going to occur immediately as a result of the tax measures that the Prime Minister announced in his speech this morning relative to the companies themselves.

Mr. Preston Manning (Calgary Southwest): Mr. Speaker, I thank the minister for that answer. I have a further supplementary for the Prime Minister.

The Prime Minister's announcement today was not quite clear on all of the additional costs that will be incurred by the RCMP, the customs branch, the ministry of health, the justice department and so on to implement the various aspects of the government's action plan on smuggling.

Can the Prime Minister tell the House what the total implementation costs will be on an annual basis and can he table a detailed breakdown of that cost?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, it would be about \$150 million to enforce that, but we have to keep in mind that if we are very successful we will gain more revenues from stopping the smuggling of liquor, which is not mentioned at this time. A lot of Canadian citizens who are making money under the table now will have to pay income taxes. There will be an offset that cannot be measured with a spoon. We have to see what exactly will be the effect of the program.

However, when the people of Canada respect the law and pay all of their taxes we will be in a very positive position.

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[Translation]

INDIAN AFFAIRS

Mr. Gilles Duceppe (Laurier—Sainte-Marie): Mr. Speaker, my question is for the Prime Minister.

Yesterday, in the house, the Minister of Indian Affairs said that he did not want to force another Oka. He was in a way explaining why his government is reluctant to take action on the reserves of Akwesasne, Kanesatake and Kahnawake in order to put an end to smuggling.

Why is it that the Prime Minister refused to meet, on an urgent basis, the Mohawk leaders of Akwesasne, Kanesatake and Kahnawake?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, the chiefs of the three reserves had the opportunity to meet with officers of the RCMP last Friday and they will meet with the Solicitor General tomorrow morning.

Mr. Gilles Duceppe (Laurier—Sainte-Marie): Mr. Speaker, the Minister of Transport is having a hard time keeping his cool, but I will try to put my question anyway.

Some hon. members: Hear, hear!

Mr. Duceppe: I am trying to take part in a civilized debate. May I speak, Mr. Speaker?

Some hon. members: Oh, oh.

The Speaker: Order, please put your question.

• (1430)

Mr. Duceppe: Will the Prime Minister commit himself to meet with Mohawk leaders in order to defuse tensions and to reaffirm his determination to enforce the law everywhere on the territory, while demonstrating clearly that he will not be swayed by threats of armed reprisals?

Right Hon. Jean Chrétien (Prime Minister): Mr. Speaker, I have nothing to add to what I said. Indian chiefs met with the