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PRE-BUDGET DEBATE. Vaughn welcomes economists Fred McMahon and Darren Benning to his program to stage a pre-budget debate on the state of the BC economy, with featured interviews with Mike Geoghegan. [excerpts of transcript]

By Voice of BC

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8:00 p.m. Guests: Fred McMahon and Darren Benning

“Joy MacPhail: The greatest single failure of the Liberal budget is the underlying premise that they could give away \$2 billion in tax cuts to the richest and the corporations and that those tax cuts would pay for themselves.”

VAUGHN PALMER: What to do while we're waiting for the tax cuts to pay for themselves. Good evening, and welcome to Voice of B.C. I'm Vaughn Palmer, and tonight on the show we're going to take a bit of an advance look at the B.C. budget, which is due not too far away, the middle of February. I think the 18th is budget day. It's already written in law and no doubt well along in their preparations for the budget.

Tonight to help us through some of the issues, some of the things the Minister of Finance is still wrestling with, some commentaries on how the Liberals are doing we have a couple of people who know an awful lot more about finance than I do, Fred McMahon and Darren Benning. I'm going to get you to introduce yourselves. Fred, you've been on the show before; Darren, you haven't. We'll start with you, Fred.

FRED McMAHON: I'm with the Fraser Institute. I'm a senior economist. I tend to focus on trade and fiscal issues.

VAUGHN PALMER: And Darren.

DARREN BENNING: I'm Darren Benning. I'm with a firm called PETA consultants. We're labour economists. We're used primarily by lawyers involved in civil litigation to do personal evaluations, and that sort of thing.

VAUGHN PALMER: And I'm a non-economist, so there we go, the three of us on the show tonight.

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VAUGHN PALMER: I wanted to talk about what Darren mentioned on the clawback, because Joy MacPhail referred to \$2 billion worth of tax cuts, but about this time last year what the Minister of Finance was actually doing was planning some tax and fee increases, and they were pretty big: \$800 million. If the New Democrats had dumped \$800 million worth of taxes and fee increases on British Columbians, there would have been some squawking. **So here is Mike**

Geoghegan, consultant, and he used to work a long time ago for the New Democrats, just talking about the clawback.

“Michael Geoghegan: In terms of gross revenues, if you take the overall impact of the tax cuts and then take the overall impact of the fee increases, the overall was that in terms of revenues to government, a third ended up getting clawed back. Obviously it impacted different people at different levels, because some people ended up saving a lot in taxes and paying relatively little in fees, and for other people the reverse was true.

Again, that was driven largely by cost pressures on the health care front. Quite frankly, it's up to the federal government, which is now down around 14 to 16 percent of health care funding, to step up and start putting some real dollars into health care.”

VAUGHN PALMER: We'll put his comment on the federal government aside, because I'll come back to that, and just go to this clawback.

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VAUGHN PALMER: The Premier in his speech on the 17th to the Truck Loggers Association said 26 sawmill closures in British Columbia in the last few years. Now, if the government had come out and announced that was what was going to happen, if we'd set out to do it, I think there would have been incredible outrage. They've happened one or two at a time, a lot of little towns, but those mills are gone, and a lot of them are probably not coming back.

We actually got Mike Geoghegan again. He's a consultant on economics, knows the regions of the province well, and he's talking about the impact and the need for rural development — still putting in a good word for the resource industries but also talking about the disproportionate impact between urban and rural British Columbia.

“Michael Geoghegan: I think the new forests land initiative is a positive thing for getting economic development happening in rural British Columbia, along with the independent power production initiative. Obviously the sooner we can get the softwood lumber tariff solved, the better it will be for rural B.C. Also, the provincial government needs to pursue, with the federal government, the offshore oil initiative, because those are the things that will get our economy back in first place so that we can have first rate health, education and social programs.”

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VAUGHN PALMER: We had the mayor here today, Mayor Campbell doing an event with Premier Campbell . It was a real love-in. Mayor Campbell surrounded by his...of left wing council praised Premier Campbell while Glen Clark's old press secretary looked on and watched this whole thing. It's interesting. The mayor has made a huge issue of that, and it's fascinating how that has become an economic issue. I've talked to people in real estate who have said that it has

destroyed real estate values in that part of the city, so it's actually an economic development project as well.

Thanks very much to Fred McMahon and to Darren Benning for being on the show tonight, talking about the provincial budget and upcoming provincial finances. Thanks to both of you for being on.

Thanks very much for watching Voice of B.C. Next week on the show our debate on the Olympics, with Chris Shaw against and David Podmore for.

I hope you'll continue to watch Voice of B.C. I hope you'll make it your voice.