FALSE PROMISES, BIG DANGERS

How Separation Would Hurt Alberta Workers

By Jim Stanford, Centre for Future Work
In Partnership with the Alberta Fedeartion of Labour
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ALBERTA FEDERATION OF LABOUR

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EXECUTIVE SUMMARY

A growing body of empirical research has already been published estimating the dire economic consequences of Alberta separatism. Business leaders, economists, and financial experts have all warned of the economic damage from separation (or even a credible threat of separation): lost investment, recession, job loss, higher interest rates and inflation, and enormous fiscal costs from setting up duplicate national institutions. Table 2 in this report summarizes several of these studies.

However, this report focuses on a more specific question: How would Alberta separation affect workers? The vast majority of Albertans must work for a living. They support themselves over their lives mostly from wages and salaries earned through employment. They have already suffered for years from the one-sided business-dominated policies of the UCP government. Indeed, Alberta is the only province where real wages (after inflation) have fallen since 2019, instead of rising as they should. And workers are uniquely vulnerable to the risks and costs of this needless flirtation with separation.

Unlike the wealthy, most workers don't have big investment portfolios as insurance against the financial chaos of separation. The loss of trusted entitlements (like EI, the CPP, the Canada Child Benefit, and more) would hit workers hardest. Right now, most workers in Alberta get more back in federal services and benefits than they pay in federal taxes – but after separation they would pay more taxes, for fewer services. Federal programs would be replaced by Alberta-style arrangements (featuring stingier programs and more privatization), financed with more regressive taxes. Perhaps most dangerous, the loss of key statutory and constitutional protections – from the Canada Health Act to the Charter of Rights and Freedoms – would jeopardize the fundamental rights of workers in Alberta to organize, speak out, and work collectively for a better, fairer future.

This research paper explores the impacts on workers in more detail. Part I exposes the economic myths and lies on which the case for separatism is based, showing that separation would harm Alberta's economy – with workers suffering the most.

Part II then discusses the real factors and forces that have undermined the wages, living standards, and basic rights of workers in Alberta in recent years. Workers in this province have every reason to be angry about the deterioration of their economic prospects over the last decade. But the separatist movement has tried to weaponize and misdirect that anger against the federal government, and against Canada itself. So, Part II shows that the hardship experienced by Alberta workers results from the actions of businesses and employers who've captured record profits while cutting real wages for their workers, and from a provincial government which does business's bidding -- with program cuts, corporate tax giveaways, and active suppression of wages.

Top Ten Ways Separation Would Hurt Alberta Workers

Table 1.

1	Intense risk of job loss resulting from deteriorating investment confidence, capital flight to other jurisdictions, and post-separation recession.
2	Major declines in property resale values due to expected mass outmigration of population after separation.
3	Risk of monetary instability, inflation, bank failure, and capital flight from uncertainty regarding a new currency and banking system.
4	Loss of protection from Canada-wide legal standards, including the loss of the Charter of Rights.
5	Increase in the total tax burden, due to excessive costs of establishing new programs and institutions to replace existing federal programs (like national defense, international affairs, and tax collection).
6	Increased repression of labour rights and standards, including the right to organize unions, the Rand Formula for union security, and the right to strike.
7	Shift in the tax burden onto the backs of workers, by replacing more progressive federal taxes with less progressive provincial taxes.
8	Threats to existing entitlements Alberta workers have earned to their CPP pension credits, EI protection, and other federal benefits.
9	Reduction in minimum wage for workers in federally regulated industries by $4 per hour, and continued freeze in the provincial minimum wage well below levels in the rest of Canada.
10	Increased risk of privatization of health care and other essential services, by losing protection from the Canada Health Act and other federal standards.

The repetitive claim that all Alberta's problems stem from a far-off federal government is a classic diversion. Don't challenge the problems that clearly started right here at home, the separatists say. Blame Ottawa instead.

Trade unions will play a crucial role in the campaign to preserve Alberta's place in Canada. They know that workers who have already suffered so much exploitation and repression here, would face much worse in an independent, corporate-dominated province. This report shows why workers are stronger in a united Canada, and why the false promises of the separatist movement pose big dangers to workers and their families.

INTRODUCTION

For years, Danielle Smith's UCP government has flirted with separatist movements which want Alberta to secede from Canada, and either become an independent country or join the U.S.A.

Protesters at AFL Fight Back Now Rally, Airdrie AB, May 29 2026. Kajal Dhaneshwari

Originally this alliance of convenience was a legacy of the formation of the UCP in 2017, which cobbled together a single party from disparate and often warring right-wing factions. Former Premier Jason Kenney led the formation of this conservative alliance with the shared goal of ousting the NDP government of Rachel Notley. As time went on, however, strains within the UCP's fragile coalition became more destructive – leading to Kenney's ouster in 2022. Danielle Smith's rise to UCP leader depended on keeping the separatist fringe within her party happy enough to support her. Political survival has motivated her inconsistent positioning on the national unity issue ever since.

Her government's erratic actions regarding a provincial referendum on separation have now created a political and economic crisis – not just for her government, but for the province and the country. She has not followed her own rules for approving referenda and defining their questions – including by rejecting the Forever Canadian referendum question supported by over 400,000 petitioners, and blocking a petition on coal mining supported by over 200,000 petitioners.[1] She pushed ahead with a custom-made separatist referendum despite repeated court rulings that the original separatist referendum was unconstitutional (including because it failed to consult with First Nations[2]). She has now launched a needless, confusing, expensive,[3] but potentially destructive 'referendum on a referendum,' to be held on October 19 2026.

[1] *Steven Hunt, "'Our question is not on the referendum': Forever Canadian founder pushes back against Danielle Smith's claim," CTV News, June 28, 2026, https://www.ctvnews.ca/calgary/article/our-question-is-not-on-the-referendum-forever-canadian-founder-pushes-back-against-danielle-smiths-claim/; Don Brain, "Corb Lund says government was 'crooked' with anti-coal petition, as new poll backs his stance," Calgary Herald, August 5, 2026, https://calgaryherald.com/news/braid-corb-lund-says-government-was-crooked-with-anti-coal-petition.*

Smith's government allowed separatist fires to burn on the fringe of her party, to defend her own leadership – and perhaps to strengthen her hand in trying to extract policy concessions from the federal government. The limitations of playing the 'separatist card' to negotiate with Ottawa are considered in detail below. Alas, those fires raged out of control. Now separatism has become a needless diversion that will dominate Alberta politics and economic policy for years, and could ultimately threaten Alberta's well-being and its place in Canada. The experience of the U.K., where a weak and opportunistic leader launched a needless referendum that eventually withdrew the country from the European Union (causing a decade of chronic economic uncertainty and underperformance since) is a frightening precedent for what could happen in Alberta.

If provincial leaders had shown consistent and principled support for Canadian unity, challenged false separatist claims (instead of implicitly endorsing them), and worked to improve fairness and living standards within Alberta (instead of perpetually blaming Ottawa for everything that's wrong in the province),

this entire wasteful and divisive episode could have been avoided.

Separatist truck in Edmonton, Alberta, May 24 2026, Anonymous user via Instagram

Smith now claims to be a passionate supporter of Canada, but her credibility and influence have been damaged – and even her arguments for Canadian unity are half-hearted, ratifying separatist claims that Alberta has been 'mistreated' by the rest of the country. Thankfully, other principled voices are rising to the fore to defend the idea of Canada, and illuminate the many benefits to Albertans of being part of this country, including political leaders from all parties and levels of government; and other community, business, and labour leaders. More must join them.

"Smith's government allowed separatist fires to burn on the fringe of her party, to defend her own leadership... Alas, those fires have now raged out of control."

[2] *Hannah Kavanaugh, "Alberta separation petition overturned as judge rules in favour of First Nations," CTV News, May 13, 2026, https://www.ctvnews.ca/edmonton/article/alberta-separation-petition-overturned-as-judge-rules-in-favour-of-first-nations/.*

[3] *Electoral experts estimate the series of referendums launched by Smith's government could cost taxpayers $130 million in direct costs; see Timm Bruch, "Alberta's October referendum could cost taxpayers up to $130M: expert," CTV News, June 17, 2026, https://www.ctvnews.ca/calgary/article/albertas-october-referendum-could-cost-taxpayers-up-to-130m-expert/.*

Trade unions have a special role to play in the coming debate in Alberta.

They know well that the rights of workers have already been steam-rollered many times by a UCP government which pays little heed to inconveniences like the Charter of Rights. Those rights will be in permanent jeopardy if federal labour laws and constitutional rights are dispensed with entirely in a separate, business-dominated Alberta. Workers know from their own experience that inadequate wages, lack of workplace representation, crumbling health care, and high cost of living cannot truly be blamed on a distant federal government. Those problems started right here at home: the fault of employers who ruthlessly extract more profit from Alberta's resources but create fewer jobs, and of a provincial government that routinely caters to business demands for lower taxes, lower wages, and weaker regulations of any kind.

Protesters at AFL Fight Back Now Rally, Edmonton AB, May 29 2026. NASA University of Alberta

> **A key priority in the coming referendum will be to expose the utopian, unsupported promise of the separatists that an independent Alberta would be a prosperous, free, low-tax nirvana.**

The real experience of separatist movements around the world confirms that separation would unleash unprecedented uncertainty – in the investment and business climate, monetary stability, international and inter-provincial trade access, and social and human rights. Economists are unanimous that the costs of establishing a separate country will be enormous, and that Alberta will experience a brutal recession if it happens. The separatist lie that average Albertans are 'ripped off' by Canada, and that workers will be richer and freer if Alberta separates, must be challenged and refuted. Part I of this paper, ***Myths***, debunks several of these false claims with hard economic evidence showing that workers in Alberta would pay a huge economic and human cost for separation.

Table 1 (Page 5) lists just ten of the main ways that separation would crush the economic and democratic hopes of Alberta workers.

But there is another, equally important base of information needed, and that is for Albertans to correctly diagnose the sources of their hardship and legitimate frustration.

Albertans are right to be angry about the deterioration in their employment prospects, their quality of work, their wages, their real purchasing power, and their social protections (like health care).

These have all gone downhill in Alberta in the last several years. But the claim that all this is Ottawa's fault is not economically believable. The core source of Albertans' mistreatment in recent years lies right here in Alberta.

Alberta is the richest province in Canada. But its wealth is distributed more unequally than any other province. Corporate profits have grown faster than anywhere else in Canada, while workers' share of the economic pie has fallen more than any other province. Businesses reinvest a shrinking share of those record profits in Alberta – not because of federal policies, but because of their own greed. Business is more concerned with paying out record dividends and share buybacks for investors, than with building a provincial economy that is productive, innovative, diverse, and sustainable.

Child holds "Alberta Forever" sign at AFL Fight Back Now Rally, Airdrie AB, May 29 2026. Kajal Dhaneshwari

To highlight the true cause of the hardship experienced by too many Albertans, Part II of this report, ***Realities***, documents the failure of Alberta's business-dominated economic model to deliver a fair share of income and wealth to the workers who produce it. That failure would only get worse in an independent Alberta – in part because the economy would be badly damaged by separation (hence shrinking the economic pie), but also because the province's business and political elite would be freed from federal rules and programs (from the CPP to progressive income taxes to the Charter of Rights) that put at least some limits on how far Alberta's economy can be distorted in favour of the wealthy.

PART I : MYTHS

Debunking False Narratives and Phony Claims

How Workers Would be Hurt by Separation

Separatists claim Alberta would be rich and free if it separates from Canada. Their promises are unfounded. Hard economic data, from Alberta and from other places where separatism has been a significant force, show the economy would be weakened by separation, and workers' job prospects, incomes, and social protections would be jeopardized.

This section of the report rebuts several of the separatist movement's most oft-repeated, but far-fetched, claims about the impact of separation for working Albertans.

Myth:
Alberta would be richer if it separated.

Separating from Canada and forming all the institutions and services of an independent country (including national defense, a money and banking system, international trade and diplomatic processes, national tax, pension, social systems and many others) would cost hundreds of billions of dollars. Former Alberta Treasury official Lennie Kaplan estimates it would cost Alberta $300 billion to set up independent structures and services to replace what the federal government does now (including national defense, foreign affairs, border infrastructure, and more). Other estimates of these initial costs are higher. The ongoing operational costs of these institutions and services would also be substantial, amounting to tens of billions of dollars annually.

An independent Alberta would need to take on a proportionate share of federal debts, adding at least $180 billion[5] to the province's existing $50 billion debt.

That would represent a more-than-quadrupling of the new country's debt. Obligations incurred to pay the enormous costs of establishing new national institutions would further increase that debt. Combined with the intense uncertainty financial lenders and investors would have regarding Alberta's future stability, that in turn would cause a substantial increase in interest rates on that debt. Just a 2 percentage-point increase in effective interest rates on provincial debt would then cost the province close to $5 billion per year in *additional* interest costs.

Lost investment, reduced exports, intense financial uncertainty, and rapid outmigration from Alberta would undoubtedly cause a painful recession in the new country's initial history.

Economists project a reduction in real GDP of as much as 10% in the first year of independence[6] – a loss in economic output of $60 billion or more, or up to $12,000 per Albertan per year of recession.

[4] *Lennie Kaplan, "An initial analysis of the financial costs of Alberta independence," June 8, 2026, https://albertapolitics.ca/wp-content/uploads/2026-06-08-Kaplan-Analysis.pdf.*

[5] *If that debt was allocated on an equal per capita basis, Alberta would take on about 12% of the federal government's $1.5 trillion net debt, or $180 billion.*

[6] *Gary Mason, "The numbers Alberta separatists don't want you to see," Globe and Mail, June 5, 2026, https://www.theglobeandmail.com/opinion/article-danielle-smith-alberta-separation-numbers.*

Table 2.

Estimates of Economic Cost from Alberta Separation

Author and Affiliation	Key Findings
Trevor Tombe (for Calgary Chamber of Commerce)	48% of Alberta businesses are very or somewhat likely to leave Alberta after separation; 8% increase in costs of exports; loss of $10-15 billion per year business investment; decline in provincial GDP of $62 billion (over 10%); 175,000 lost jobs.
Lennie Kaplan (former Alberta Treasury Board and Finance Ministry)	7.2% decline in nominal GDP; 4.8% decline in real household disposable income; 45,000 lost jobs; $299 billion set-up and transition costs for separation; $67 billion annual cost for new institutions.
Constantin Colonescu (Grant MacEwan University)	Modelled 4 scenarios, including negotiated separation; loss of $3,265 (5.8%) in per capita adjusted income; 9.3% decline in mean equivalent income; main causes of real income losses are fiscal adjustments and higher prices.

Many other costs and obligations would have to be assumed by Albertans, including costs of national defense, tax collection and administration, and social programs (like employment insurance and a new national pension system). Meanwhile, Albertans' current entitlements under existing federal programs (the Canada Child Benefit, Employment Insurance, and the Canada Pension Plan) would be jeopardized. For example, future CPP pension entitlements worth at least $100 billion to Albertans could be lost, and the payment of future CPP pensions to Albertans would be thrown into question.

Inevitably, the lion's share of these costs would be borne by working people in Alberta. Workers are the most dependent on programs like EI and CPP. They do not have big personal stockpiles of wealth to be shifted abroad to protect themselves from the economic volatility that would accompany separation. They would be saddled with the bulk of new taxes and other costs for services once provided by the federal government.

In short, workers have the most to lose, and the least to gain, from the separatist adventure.

Myth:
Separating would encourage more business investment.

Corporations pay close attention to the economic, political, and legal stability of jurisdictions where they contemplate making long-lasting investments. Forming a new country (with brand new legal systems, currency and banking arrangements, political structures, trade relations, and other institutions) creates extreme uncertainty in the minds of business leaders. Companies will hold off investment spending, or shift their capital to other, more stable locations.

Business leaders in Alberta are unanimous – including leaders of the Chambers of Commerce of Calgary and Edmonton, the Alberta Chambers of Commerce, and top petroleum executives – that even the *possibility* of separation would badly undermine investment and growth in the province. In a province-wide survey of Alberta businesses, 56% of respondents said the separation debate is *already* affecting the provincial economy, and 90% of those indicated the effect was negative.[7] This is consistent with the experience of the U.K. after Brexit,[8] and other jurisdictions where risk of separation undermined business confidence. Less investment means less job-creation, slower growth, and reduced incomes.

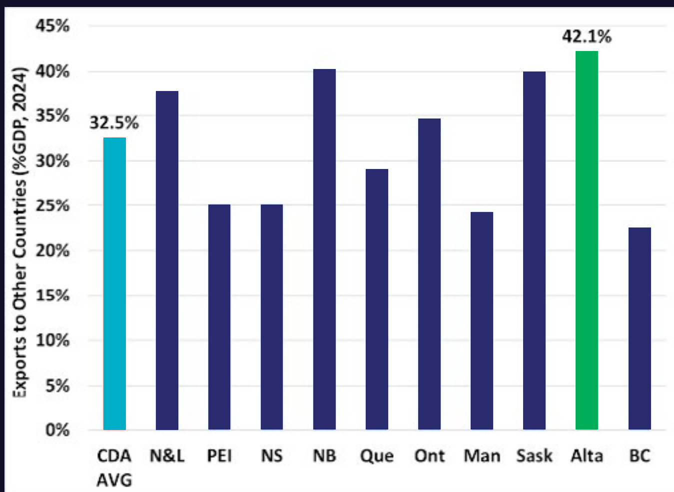
Again, it is workers who would be the main victims of this needless disruption in the economic environment.

[7] Alberta Chambers of Commerce, "Alberta Businesses Express Rising Fiscal Concerns and Impacts of Separation Discourse in Latest ACC Business Pulse Research," March 9, 2026, https://www.abchamber.ca/acc-media-release-3-09-2026/

[8] Anticipation of negative economic shocks reduced business investment spending by 11% in the U.K. during the first three years after the Brexit vote, even before Brexit occurred; see Nicholas Bloom, et al., The Impact of Brexit on UK Firms, National Bureau for Economic Research, Discussion Paper #26218, September 2019, https://www.nber.org/papers/w26218.

Myth:
Separation would allow Alberta to sell more to world markets.

Figure 1. International Exports as Share Provincial GDP, 2024



Source: Calculations from Statistics Canada Table 36-10-0222-01

Alberta is Canada's most export-reliant province. In 2024 (most recent data available), exports to other countries made up 42% of Alberta's GDP, higher than any other province (Figure 1). Another 20% of Alberta's GDP depends on exports to other provinces.

Moreover, international exports have grown more quickly from Alberta in recent years than any other province except Prince Edward Island. Adjusted for inflation, Alberta's international exports grew 16% over the last five years, three times faster than the growth of exports for Canada as a whole (discussed further below). Whatever Alberta's economic and political problems may be, they cannot be ascribed to being prevented from exporting.

Unfortunately, separation would throw Alberta's export performance into jeopardy. As a new country, Alberta would not be protected by standard international trade freedoms and guarantees (through the World Trade Organization, or bilateral and multilateral trade agreements, such as the Canada-U.S.-Mexico Agreement). Alberta's products would be subject to tariffs, quotas, or outright bans by other countries (even potentially imposed by Canada's other provinces).

As a separate country, Alberta would be small (5 million inhabitants) and landlocked.

International experience confirms this is not a recipe for trade success.

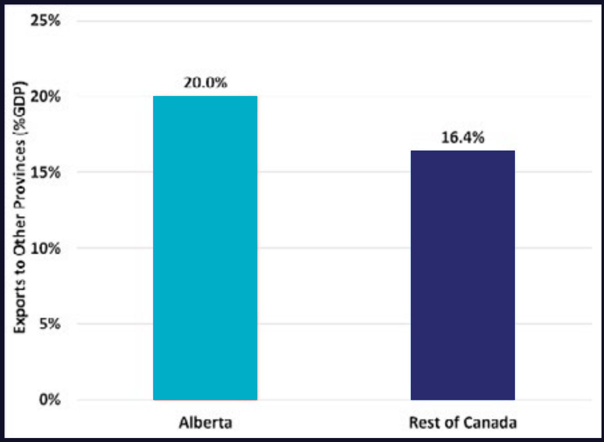
In fact, most landlocked countries are less export-oriented than countries with direct access to the coast, and their economies grow more slowly. Landlocked countries are one big step removed from the gravitational pull of large countries around the world (a key determinant of trade), and would face uncertainty regarding trade access to other countries or ocean shipping. Many international studies on the economic performance of landlocked countries confirm they face persistent disadvantages in trade, investment, and growth.[9]

[9] *For example, Landis MacKellar, Andreas Wörgötter and Julia Wörz find that landlocked countries experience annual economic growth 1.5 percentage points slower than other countries; see "Economic Growth of Landlocked Countries," in Günther Chaloupek et al. (eds.), Ökonomie in Theorie und Praxis, Springer, 2002.*

Myth:
A separate Alberta would keep trading with other provinces.

Alberta relies heavily on trade – with other countries, but also with other provinces. In 2024 (most recent data available), Alberta firms sold $95 billion worth of goods and services to other provinces, an increase of 50% in just four years. Those exports to other provinces were equal to one-fifth of Alberta's total GDP. As illustrated in Figure 2, Alberta is relatively more dependent on interprovincial trade than most provinces. On average, interprovincial exports from other provinces were equal to just 16% of their GDP.

Figure 2.
Interprovincial Exports as Share of GDP



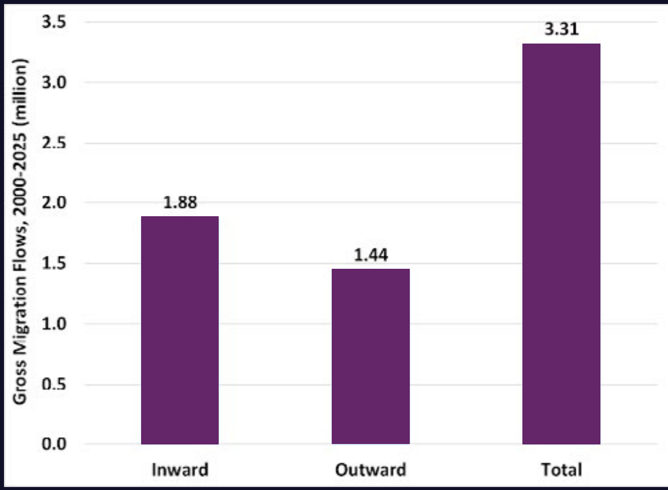
Source: Calculations from Statistics Canada Table 36-10-0222-01.

There are no guarantees that following separation from Canada, those exports would continue without interruption or taxation (potentially in the form of tariffs on Alberta exports). Separatists blithely assume that negotiations with the rest of Canada would retain free access to markets in other provinces, but this is wishful thinking. Even a 10% reduction in interprovincial exports from Alberta would be sufficient to cause a major recession here. Workers would be the first victims as workers in firms which sell goods and services to other provinces lose their jobs.

Myth:
If Alberta separates, Albertans could still travel, live, and work in other provinces.

In addition to trade between provinces, interprovincial mobility of people is an important feature of life in Canada. Canadians are free to travel, move, work, and retire anywhere in the country – taking their basic protections (including EI, CPP, and public health care) with them. And millions of Canadians exercise that right regularly. Alberta has particularly benefited from interprovincial mobility: both through the many people moving to Alberta from other provinces, but also the millions of Albertans who have lived and worked in other provinces.

Figure 3. Interprovincial Migration Flows to and from Alberta, 2000-2025



Source: Calculations from Statistics Canada Table 17-10-0022-01

Since 2000, a total of 1.9 million people moved to Alberta from other provinces. Over the same time, 1.4 million moved from Alberta to other provinces (see Figure 3). That combined two-way interprovincial migration flow (3.3 million people) is equivalent to two-thirds of Alberta's population.

A large share of Albertans have lived in other provinces, and many more want to do so (or at least be able to do so) in the future. Human movement back and forth across the provincial border is essential to economic growth, productivity, and happiness. Workers' ability to seek better jobs, wages, and working conditions in other provinces is a key source of their leverage in dealing with employers. By closing the door on workers' ability to pursue opportunities in other provinces, Alberta employers would benefit from a 'captive' workforce more vulnerable to exploitation.

Alberta's economy has benefited greatly from the inflow of migrants from other provinces, who bring skills and energy to build the provincial economy. Those inflows would be jeopardized if Alberta separated. Meanwhile, many Albertans have close family and economic ties with other provinces – also disrupted by separation. Their ability to travel, live, and work in other provinces would be threatened by separation. No one knows if the rest of Canada would welcome Albertans with the same rights and freedoms they have today. Albertans would retain only the clear right to live in their own separate, small country.

A recent survey indicated that 38% of Albertans would move to another province if Alberta decided to separate, and another 2% would move to another country.[10]

This massive outmigration would cause enormous economic hardship in Alberta, including shrinking GDP, a collapse in property prices, and abandonment of entire communities.

[10] *Jesse Snyder, "Fewer than half of Albertans say they would stay in a newly independent province: poll," National Post, June 4, 2026, https://nationalpost.com/news/alberta-quebec-separatism-canada-poll.*

Myth:
Alberta subsidizes the rest of Canada.

The idea that Alberta pays money to other provinces (such as Quebec) has long been a lightning rod for the politics of grievance in Alberta.

However, this argument is blatantly false, no matter how often separatists repeat it. The Alberta government pays no money to Quebec or any other province. To the contrary, the Alberta government receives substantial fiscal payments from the federal government – totalling almost $14 billion this year.[11] Those transfers would stop if the province separated, leaving a major hole in the new country's already-chaotic budget.

Individual Albertans, and businesses based here, pay taxes to the federal government. The federal government uses those taxes to help fund a wide variety of different programs. One of those programs is the federal equalization program, which pays federal money to lower-income provinces to ensure they can provide education and health services on par with the rest of the country. Those federal equalization payments totalled $26 billion in 2025-26, just 4% of total federal spending. Since money is fungible (that is, it is interchangeable and can be used identically for different purposes), it cannot be said definitively that any of that money came 'from Alberta'; it could equally be conceived of as a rebate to those provinces of taxes they themselves paid to the federal government. Even if the 'origin' of equalization funds was *assumed* to reflect the same proportion of total federal revenue coming from individuals and businesses in each province, the implied contribution Albertans (not Alberta) make to equalization is insignificant in a macroeconomic perspective. This grievance about interprovincial subsidization has high visibility and emotional appeal, but no bearing in reality.

In fact, most Albertans get more back from federal programs and services, than they pay to the federal government in taxes.

Total federal government spending in Alberta in 2024 (most recent data available) equaled $55 billion (11.5% of total provincial GDP). That included almost $20 billion in income transfers to Alberta residents, $13 billion in transfers to the provincial government, over $7 billion in spending on direct federal services located in Alberta, and billions more in business subsidies, capital investments, and other expenditures.[12] That federal spending in Alberta is equivalent to $14,100 for each adult living in the province in 2024.

This figure does not reflect the true value Albertans receive from federal programs, since it does not include programs delivered outside of the province but that nevertheless benefit Albertans (like national defense).

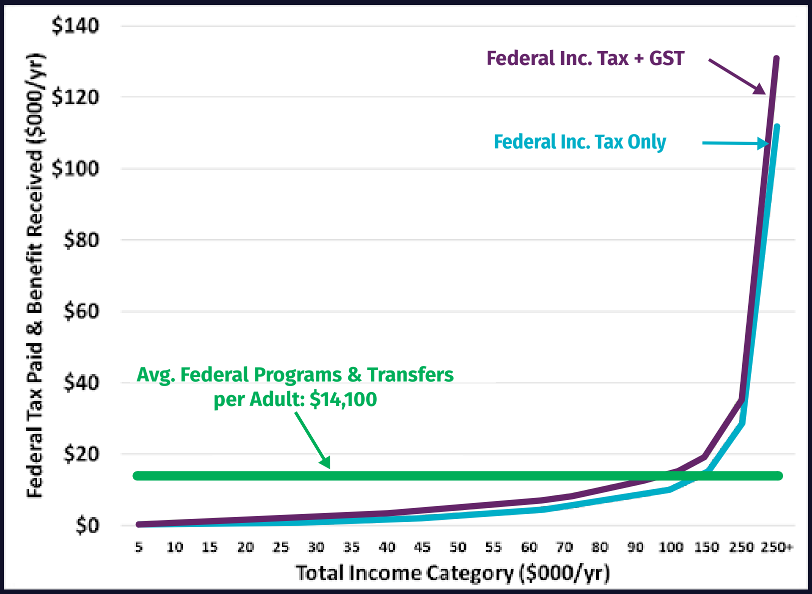
[11] *Government of Alberta, Fiscal Plan 2026-2029, February 26, 2026, p. 58, https://open.alberta.ca/dataset/3393a7b5-07bf-4b9f-8aaf-a6d89273297b/resource/58a8d024-398f-482e-b1c2-81a754a97253/download/budget-2026-fiscal-plan-2026-29.pdf.*

[12] *Data from Statistics Canada Table 36-10-0450-01.*

To some extent, federal programs are distributed progressively: that is, a larger share of benefits goes to lower and middle income households (this is especially true of income transfer payments). But let's make the cautious assumption that every Albertan benefits from an equal share of federal program spending in the province.[13]

Federal income tax statistics indicate that the vast majority of Albertans paid far less than $14,100 in federal income taxes in 2024. Indeed, only Albertans earning over $120,000 per year (about 15% of provincial tax-filers in 2024) would typically pay more than $14,100 in federal tax.[14]

Figure 4.
Distribution of Federal Taxes and Benefits, Alberta, 2024



Source: Calculations from Canada Revenue Agency, Individual Income Tax Return Statistics, and Statistics Canada Tables 17-10-0005-01 and 36-10-0450-01.

That means 85% of Albertans get more back in federal programs and benefits than they pay in federal income tax (see Figure 4).

Of course, income taxes are not the only federal tax paid by individual Albertans. GST payments are the other major source of individual federal taxation. On the assumption that people spend all of their disposable income on GST-taxable goods and services, the distribution of GST payments across income categories can be approximately estimated as 5% of disposable (after tax) income for each income category.

Again, this assumption is cautious: it overestimates the amount of GST paid by Albertans, especially those in higher income brackets (who save some of their income, unlike lower and most middle income households who cannot accumulate significant personal savings). This is another reason the following analysis underestimates the net benefit that most Albertans get from the federal tax-and-transfer system.

[13] In reality, this cautious assumption underestimates the net benefits to lower- and middle-income Albertans from their federal services relative to their federal tax payments, since in practice those Albertans receive a somewhat larger share of federal benefits (in addition to paying a proportionately smaller share of taxes).

[14] Since income tax liabilities depend on specific individual characteristics, some Albertans reporting less than $120,000 in total income would pay more than $14,100 in federal tax, and some making over $120,000 would pay less. The distribution pictured in Figure 4 is based on average federal tax liabilities within each of the income categories reported by the Canada Revenue Agency.

Considering both federal income tax and GST payments, on average only Albertans with income over $94,000 (21% of tax-filers in 2024) pay more individual income tax and GST to the federal government than their share of federal services and benefits.

In other words, almost 80% of Albertans pay less in federal income tax and GST than they receive back in federal services and programs.

How can this be? Federal income taxes are relatively progressive, meaning those with very high incomes pay tax at a higher rate, and hence contribute a larger share to total federal revenues. Only a minority of Albertans – the top 21%, reporting over $94,000 per year in total income – can be said to pay more to the federal government than they get back. This phenomenon is not unique to Alberta: it is true in any society with a commitment to at least some redistribution through the tax and transfer system. Indeed, a similar result attains in other provinces, and across Canada as a whole. Because of progressive taxes, most Canadians get more back from the government than they personally pay in.

The higher-income 21% of Albertans who pay more tax do so not because they are Albertan, but because their incomes are higher.

And if those higher net tax payments are considered a 'subsidy' to others (they could be better described as a fair contribution to the network of public infrastructure and services), then those 21% of Albertans are not subsidizing 'other provinces.' They are subsidizing the less fortunate majority of society (including Albertans).

And letting them keep more of their money would not be a 'victory' for Alberta; it would be a victory for higher-income people.

Workers would be doubly hurt by a situation in which federal taxes and federal programs were both eliminated. First, they pay a relatively lower share of federal income tax and GST. Second, they receive a relatively larger share of federal benefits (like EI, the CPP, and the Canada Child Benefit). Making things worse, the expanded tax system in an independent Alberta would without doubt be less progressive than the federal tax system it would replace (as discussed below). That would mean an overall shift in new tax collections toward workers.

In sum, workers would pay more, and get less, in an independent Alberta.

That's the exact opposite of the claim that Alberta workers would be richer if they stopped 'subsidizing Quebec' (something that simply does not happen).

Myth:
Taxes would be lower if Alberta separates.

The preceding evidence that most Albertans get more back from the federal government, than they pay into it, casts doubt on another common separatist myth: namely, that separation would result in lower taxes. Firstly, as noted previously, separation would entail enormous up-front costs to establish all the systems and institutions of a nation (including defense, currency and banking, foreign trade and diplomacy, social programs, and more). Those extra costs will require higher taxes in aggregate.

Moreover, if Alberta separated, the overall tax system would undoubtedly become *less* progressive – that is, a smaller share of total revenues would be collected from the richest segments of society. Alberta's income taxes are already less progressive than the federal system and most other provinces. The highest provincial marginal tax rate in Alberta (15%) is only one half higher than the lowest rate (10%); in the federal system, the highest rate (33%) is 2.4 times higher than the lowest rate (14%).

Shifting taxes from the federal system to Alberta's system would redistribute overall tax collections away from higher-income taxpayers, and onto the backs of lower- and middle-income taxpayers – including most workers.

Therefore, not only would separation increase the total amount of taxes that must be collected, but that larger burden would be shared less fairly. For the majority of workers, who already receive more back in federal services than they pay in taxes, this would constitute a painful double whammy. After separation the total tax bill would rise, and their share of it would also rise. Worse yet, they would be paying more (through a less progressive tax system) for a deteriorating level of services.

Myth: Workers' living standards would rise after separation.

Measured by per capita GDP, Alberta already has the richest, most productive economy in Canada. In 2024 (most recent data available), Alberta's economy produced $96,500 GDP per person, 29% more than the Canadian average.[15] By any standards, Alberta is blessed with tremendous economic, human, and natural resource potential. Concerns over the recent erosion of real living standards in Alberta cannot be ascribed to an economy that is being 'held back' in any general way. Indeed, when it suits, the provincial government readily changes its narrative: shifting from complaints about provincial victimization, to boasts about Alberta's purportedly superior economic performance.[16]

The key challenge for Albertans is to win a larger share of the wealth they produce, through wages, benefits, and social protections. As discussed further below, despite Alberta's economic advantages, incomes for workers are not high: indeed, average hourly wages are just 2% higher than the Canadian average, not enough to make up for the relatively higher cost of living in Alberta. And public programs (like health care and education) are deteriorating, further suppressing living standards for workers.

Living standards have fallen in Alberta not because the province is held back by Ottawa, but because too much of the province's wealth is captured by corporations and their owners.

Alberta has the greatest concentration of total wealth among the rich anywhere in Canada: in 2023, the richest 1% of families in Alberta owned 25.0% of all household net wealth, higher than any other province.[17]

The trickle-up of wealth from Alberta's production into a small minority of the population is the flip side of the coin, of the deteriorating real living standards for most workers. That maldistribution of Alberta's wealth won't be solved by separation, it will get worse.

Economists are unanimous that separation would reduce Alberta's GDP and wealth, not increase it. Public services would be put under further pressure because of the enormous costs and debts associated with setting up new national institutions. And the tax system would become more regressive, shifting more of the tax load onto workers' backs. Put together, the economic pie would shrink in size, and become still more unequally divided. That's a double-edged sword threatening the living standards of working Albertans.

[15] Calculations from Statistics Canada Tables 17-10-0005-01 and 36-10-0222-01.

[16] For example, see Premier Danielle Smith's claim that "Alberta is the economic powerhouse of Canada," February 13, 2026, https://x.com/ABDanielleSmith/status/2032511928648741222?lang=en.

[17] Silas Xuereb and Geoffroy Boucher, "Show me the money: A provincial overview of extreme wealth in Canada," Canadians for Tax Fairness, June, https://www.taxfairness.ca/en/resources/reports/show-me-money-provincial-overview-extreme-wealth-canada.

Myth:
Alberta owns all land and resources within its existing boundaries.

There is enormous uncertainty regarding the legal status of land ownership in the event Alberta separated from the rest of Canada.

Canada existed before Alberta was created in 1905. Alberta was created by the *Alberta Act*, passed by the Canadian parliament, and had no identity or status before then. Alberta's claim to everything within its current borders has no legal basis. Even existing private property rights could be thrown into question in the legal purgatory created by separation.

Figure 5. Numbered First Nations Treaties in the Prairie Provinces

First Nations clearly hold land rights independent of the status of Alberta within Confederation. The entire province is covered by five different First Nations treaties (4, 6, 7, 8, and 10) signed between the Crown and the original inhabitants of the land (illustrated in Figure 5). Four of those treaties were signed before Alberta was formed; Treaty 10 was signed in 1906 (one year later). Those treaties commit the Crown to certain duties and obligations, and empower First Nations with ownership, resource, and self-government rights. Those rights cannot be legally or morally undermined by an act of separation. The UCP government's attempts to simply ignore those rights have already backfired, leading to repeated legal rulings blocking the original separation referendum proposals.

But those legal disputes over a referendum would pale in comparison to the all-out conflict if First Nations' treaty rights were ignored in an attempt to actually separate. First Nations are already organizing to stop the separatist bandwagon, and they wield considerable legal power to do so.[18] They certainly hold the legal right to ownership and control over substantial swaths of what is currently known as Alberta.

First Nations protest Alberta separatism holding treaty slogan banner, Edmonton AB, April 8 2026. Anonymous user via Facebook

The federal government also has legal ownership rights over significant portions of Alberta, through national defense facilities, national parks, and other holdings. Sorting out who owns what in a new Alberta would constitute a legal quagmire lasting for years, dramatically enhancing the uncertainty facing businesses and property developers – who would already be worrying whether this new country was a safe place to invest.

"Already First Nations are organizing to stop the separatist bandwagon, and they wield considerable legal power to do so.

They certainly hold the legal right to ownership and control over substantial swaths of what is currently known as Alberta."

Screenprinted patch highlighting Indigenous land soveriegnty hangs to dry at Ociciwan, Edmonton AB, September 10 2021. @ocikomsis via Instagram

[18] *First Nations leaders in Alberta recently voted unanimously to ask the RCMP to commence criminal investigations of Premier Smith and her cabinet for repeated violation of the legal obligations of treaty rights; see Leanne Sanders, "Assembly of Treaty Chiefs in Alberta demand treason investigation into Premier Danielle Smith and UCP," APTN News, June 17, 2026, https://www.aptnnews.ca/national-news/assembly-of-treaty-chiefs-in-alberta-demand-treason-investigation-into-premier-danielle-smith-and-ucp/.*

Myth:
A referendum vote gives Alberta the right to separate.

Separatist flag in Edmonton, Alberta, February 2026.
Anonymous user via Instagram

The *Clarity Act* passed by the federal parliament in 2000 sets out conditions under which the federal government would commence negotiations over secession of a province. It requires that a clear majority of residents of the province support secession in a referendum with a clear question. But the *Clarity Act* only commits the federal government to *negotiate* with the affected province. It does not require the federal government to agree to anything.

There is no constitutional basis in Canada for a province to secede from the country. Allowing separation would require a constitutional amendment, which in turn would require approval of the federal parliament and at least seven provinces representing at least 50% of the population. That would be virtually impossible.

With no legal basis for separation, and no path to create one, a vote to separate from Alberta would accomplish nothing but years of political, legal, and economic chaos. The enormous challenges associated with secession explain why it has rarely occurred anywhere around the world, even in regions (such as Quebec, Catalonia, Scotland, and others) where nationalist sentiments are more long-standing and based on genuine cultural or linguistic identities (rather than narrow economic grievances). In Catalonia's case, residents voted to separate from Spain in a 2017 referendum (deemed illegal by the Spanish government), but then abandoned secession in the face of daunting legal and economic consequences. The U.K. left the European Union after a 2016 referendum; this 'Brexit' was much less consequential than forming a new country (since the U.K. already had the structures and institutions of a sovereign state). Nevertheless, the U.K. has badly underperformed other European countries in growth, investment, and living standards since Brexit,[19] and a majority of U.K. residents now support rejoining the EU.[20]

[19] *For example, see Richard Partington, "How Brexit has made Britain poorer – in charts," The Guardian, June 14, 2026,* https://www.theguardian.com/politics/2026/jun/14/how-uk-economy-changed-since-brexit-vote-charts.

[20] *For example, a recent poll by Ipsos shows 58% of respondents support applying to rejoin the EU, with just 37% opposing: "10 years on from the Brexit vote, a majority of Britons would vote to apply to rejoin the EU," June 8, 2026,* https://www.ipsos.com/en-uk/10-years-brexit-vote-majority-britons-would-vote-apply-rejoin-eu.

Myth:
An independent Alberta could use the same money.

A core function of any sovereign state is to authorize and regulate its national currency. In rare cases (such as the Euro zone) countries cooperate to manage a joint currency. But in almost all countries, this remains the responsibility of national governments. They use the monopoly authority of government to collect taxes (and to demand that those taxes be paid in the national currency), which provides a foundation for the widespread use of that currency. That power, in turn, gives national governments the ability to borrow money denominated in the domestic currency to finance investments and services. To efficiently manage the currency, national governments also establish and operate the many institutions required by a monetary system: including a central bank, banking and securities regulators, and a tax system.

After separation, Alberta would have none of those attributes, and would immediately confront the overwhelming task of creating a separate currency, central bank, banking system, and tax collection system.[21] The stability of any fiat money system depends wholly on confidence of currency users that the currency will be widely accepted and broadly stable in value. No stakeholders would have such confidence in a new Alberta currency: not consumers, not businesses, not banks, not lenders, not investors (especially those in other countries). Uncertainty regarding an independent Alberta monetary system would greatly exacerbate the general crisis of confidence that would badly damage investment, exports, and GDP in the event of separation.

"To efficiently manage the currency, national governments also establish and operate the many institutions required by a monetary system: including a central bank, banking and securities regulators, and a tax system.

After separation, Alberta would have none of those attributes"

[21] At present Alberta relies on the federal government to collect taxes and transfer provincial tax revenues to the provincial government; this is another large institution which would have to be created for a separate Alberta.

Instead of managing their own national currency, some developing countries have attempted to unilaterally use the currency of another, larger country.

Most often that involves use of the U.S. dollar, a practice called 'dollarization'. Countries using this system today include Somalia, East Timor, and Panama. Dollarization is usually a response to major economic and political crisis, such as rapid inflation, war, or political breakdown. Countries trying to use the U.S. dollar unilaterally (rather than through a formal currency union) face chronic problems of inadequate money supply (since they have no central bank to manage money creation, and instead depend fully on private cash inflows to grow the stock of money in circulation) and hence recession.

Alberta could ask to continue jointly using the Canadian dollar as its currency. That request would be uncertain, likely meeting strong resistance from the central bank, major financial institutions, and other Canadians (concerned about the instability which Alberta's actions would create for the Canadian currency). Alternatively, Alberta could unilaterally use the Canadian dollar (in a form of 'maple dollarization'), but that would confront the same problems as U.S. dollarization – and even worse, since the Canadian dollar is used less in international commerce and banking than the U.S. dollar.

The challenge of creating a monetary system in an independent Alberta is perhaps the most daunting economic hurdle that advocates of separation must confront. The most likely result of separation would be monetary debasement, widespread defaults, and a breakdown in normal monetary circulation.

Wealthy investors would move their financial wealth to other jurisdictions. Most workers, on the other hand, have no capacity to protect themselves through international financial transactions.

Once again, therefore, workers are most exposed to the daunting economic risks of separation.

Myth:
By threatening separation, Alberta can win concessions from Ottawa.

Centre Block Parliamentary Building, Ottawa ON, Government of Canada

Danielle Smith's UCP caucus has opportunistically validated separatist sentiment, including within the party's own ranks.[2] This is partly a cynical strategy to maintain support for her leadership from the disparate factions that make up her party. But it is also a deliberate effort to put pressure on the federal government to accept Alberta's many demands for changes in fiscal, economic, environmental, and social policies. "Do what we want, or Alberta might leave," is the implicit threat. It has been repeated so often, it is now a standard backdrop to political and economic policy debates in Canada.

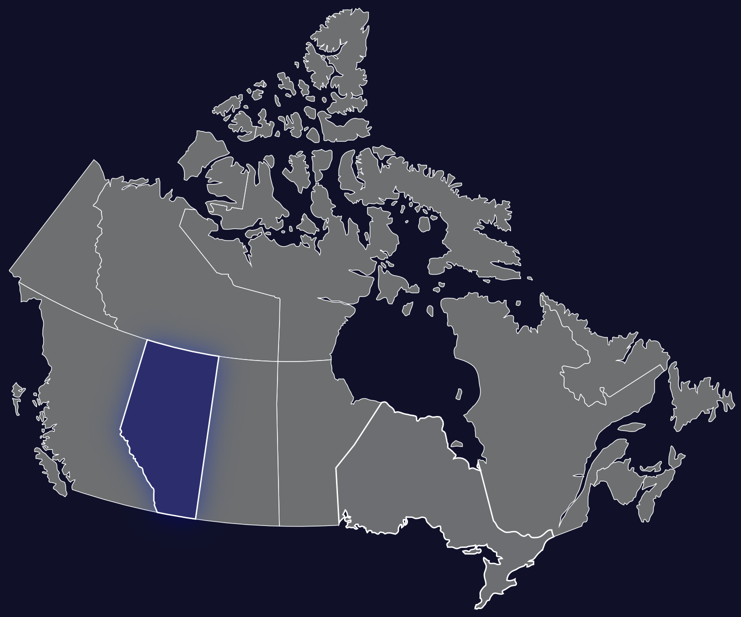
Separatist supporters might believe this strategy is working, given various shifts in federal policy engineered since Prime Minister Mark Carney came to office – including several aimed at building more cooperative relations with Alberta. It would be a mistake however, to conclude that playing the separatist card explains these changes, let alone that it could continue to exert influence over federal policy in the future.

Recent shifts in federal policy reflect many competing economic and political factors, including a desire to strengthen Canadian unity to respond to Donald Trump's threats, the recalibration of several federal policies (from climate regulations to immigration) to reflect changing circumstances, and a 'big tent' political strategy on the part of Prime Minister Carney to capture more support from diverse segments of Canadians (including moderate conservatives).

Canada's 24th Prime Minister Mark Carney gives national address, March 8 2026, Prime Minister of Canada via Wikimedia

[22] *Numerous UCP officials and even MLAs are on the record as supporting separation; see Alesia Fieldberg, "More than a dozen UCP MLAs said to support pro-separatist petition," CTV News, February 6, 2026, https://www.ctvnews.ca/calgary/article/more-than-a-dozen-ucp-mlas-said-to-support-pro-separatist-petition/.*

Based on support from all regions of Canada (now including Alberta[23]) for his leadership and his party, this strategy seems to have been effective. However, whether one agrees with Carney's policy direction or not, it would be simplistic to conclude it was simply an effort to appease a loud minority of separatist supporters in Alberta. Rather, he seems to be poaching public support away from more extreme right-wing segments (including many federal conservatives) who have been ambivalent on many national unity questions.



Federal government policies must reflect majority support from across Canada. Any government that pandered to one province for fear it might otherwise separate, would quickly lose the national support required to govern. Current federal government policies leave much to be desired – for workers in Alberta and other provinces alike. Carney's government could do much more to protect workers, key industries, public services, and the environment. But its effort to build a spirit of 'cooperative federalism' is the antithesis of the blackmail strategy that separatist leaders (including sympathizers within the UCP) want to invoke. Alberta must reciprocate this goodwill if it wants federal-provincial cooperation to continue. If the provincial government routinely plays a separatist card in any economic or political debate, that cooperation will quickly dissipate.

"Current federal government policies leave much to be desired – for workers in Alberta and other provinces alike... But its effort to build a spirit of 'cooperative federalism' is the antithesis of the blackmail strategy that separatist leaders (including sympathizers within the UCP) want to invoke."

[23] *CBC News, "Albertans rank Carney as most impressive federal leader in new poll," April 29, 2026, https://www.cbc.ca/player/play/video/9.7182225.*

Separatist leaders promise Alberta will become a utopia: a freedom-loving, unencumbered, low-tax, prosperous energy superpower.

The economic reality of separation would be much darker: a small, landlocked country struggling to build its own national institutions (including defense, monetary system, international ties, and social safety net) in an environment of intense division, uncertainty, and outward flight of both people and capital. Even just flirtation with the pipedream of separation undermines the economic, political, and social well-being of Albertans. And the longer this pipedream is kept alive, the more the damage will grow.

Workers would suffer the costs of separation first and foremost. Their jobs and incomes would be at risk in the environment of severe economic, political, and monetary uncertainty that separation would spark. They depend the most on federal programs (like EI, the CPP, and the Canada Child Benefit) that would disappear. They would pay more taxes in a separate Alberta (both because the total tax bill would rise, and it would become distributed less fairly), but get less for it. They would lose the protection of federal laws and institutions (from labour laws to the Charter of Rights) which have partially curtailed the exercise of extreme wealth and privilege by Alberta employers and politicians. And they would lose full access to the rights of Canadian citizenship, including the right to live, work, and study in other provinces.

In sum, the utopian promises of separation would in reality jeopardize most of what generations of workers in Alberta have worked for: a society which harvests this province's unique abundance of human and natural resources, to build a society of opportunity, fairness, and inclusion.

PART II: REALITIES

The Problem Starts at Home

The Problem Starts at Home.

Successive conservative governments in Alberta have long practiced 'blame Ottawa' politics. Whatever is wrong in the province must be the fault of an intrusive, acquisitive federal government, perpetually interfering with the province's affairs and stealing its resources, taxes, and wealth. This narrative of victimization has often been successful for conservative governments seeking to divert attention from their own policy errors and failures. And it has reached new heights under Danielle Smith's UCP government.

There is no doubt that many Albertans have experienced hard times in recent years. But the claim that Ottawa is fully and solely to blame for this hardship bears no relationship to economic reality. By many key indicators, Alberta has performed uniquely poorly relative to other provinces: including economic growth, investment, wages, and living standards. This underperformance is especially evident since 2019, when the UCP government came to power. And most of these indicators are well within the control of Albertans – our government, our investors, and our businesses. If things aren't working well for workers, we should start by identifying, and fixing, those problems right here at home.

The UCP government advocates an extreme version of 'trickle down' economics. This is the discredited theory that by enriching and empowering private corporations and their owners, the entire economy will experience strong growth that will 'trickle down' to everyone else.

Private corporations and financial investors have indeed been enriched by UCP policies: profits have grown more here than anywhere else in Canada since 2019. But the promised trickle-down growth and prosperity has not materialized.

Instead, Albertan workers have fared worse by many measures than other provinces – including suffering a bigger decline in real purchasing power than any other province. It is apparent that redistributing the pie (upward), not growing it, is the central goal of UCP policies. And Alberta's underperformance on jobs and wages cannot be blamed on Ottawa – since other provinces, facing the same federal policies, somehow managed to do so much better.

At times, the narrative of Alberta victimization has been aided and abetted by corporate lobbyists (particularly in the petroleum sector), who saw it as helpful for extracting policy concessions from the federal government. But now the implicit fomenting of separatist sentiment is backfiring for the business community. Business leaders are near-unanimous that a separation referendum, and the overheated anti-Canada rhetoric coming from some quarters (including some UCP leaders), is hurting business confidence and discouraging future investment. Separatist flames are now raging out of control, and the business community is recognizing the risk.

Albertans have every right to be angry. Productivity per worker is higher than any other province, yet wages now barely match the national average – and Alberta is the only province where real wages (relative to inflation) have fallen since 2019 (when the UCP came to power). Production and export of petroleum have never been higher, and petroleum profits are setting new records. Yet petroleum employment declined by 40,000 in the last decade – not because Ottawa was somehow handcuffing this industry, but because petroleum companies found ways to produce more oil and gas with fewer workers. The UCP government continues to deliberately suppress wages through multiple channels (such as its immoral 8-year freeze in the minimum wage, caps on public sector pay, and its suppression of the *Charter of Rights*). All these policies reinforce the shift of wealth from workers to business, and reinforce workers' hardship. None of them have anything to do with the federal government.

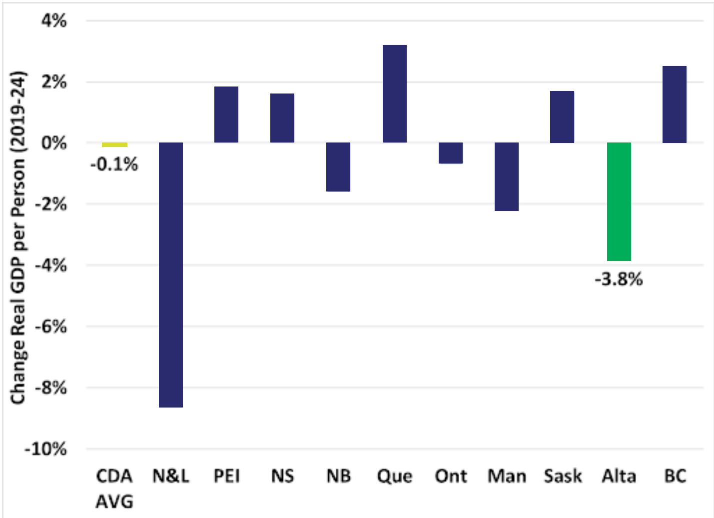
The false narrative that everything is Ottawa's fault distracts Albertans from identifying the true causes of their hardship. And it solidifies the ability of corporations and the provincial government to continue these unfair and polarizing policies.

Here are several indicators of the failure of UCP policies to grow the provincial economy, and translate Alberta's vast natural and human wealth into genuine prosperity for Albertans:

Reality: Economic Growth.

Economic growth in Alberta since 2019 ranked 8th out of the ten provinces (up to 2024, latest Statistics Canada data available). This is despite the province having somewhat faster population growth than the rest of Canada (which boosts growth due to additional work and spending by new arrivals). Adjusting for population, Alberta's real GDP per person declined almost 4% since the UCP came to power in 2019 (to 2024, latest data available; see Figure 6). That is the worst of any province except Newfoundland and Labrador (where GDP declined due to falling oil production). In Canada as a whole, real GDP per person was stable over this time.

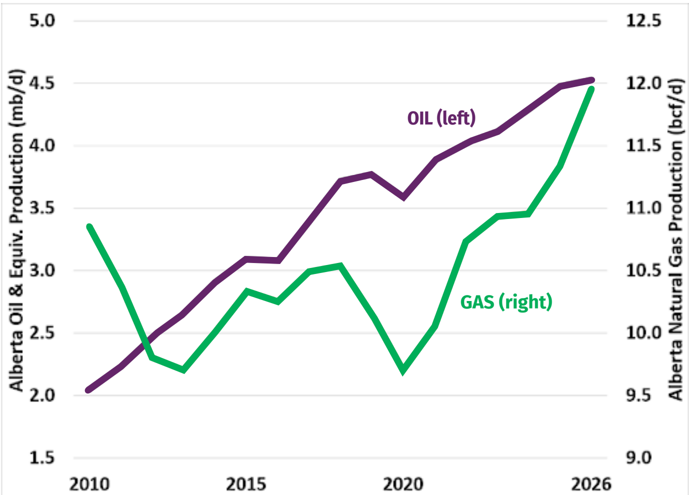
Figure 6.
Cumulative Real GDP Growth per Capita, 2019-2024



Source: Calculations from Statistics Canada Tables 17-10-0005-01 and 36-10-0222-01.

Reality: Petroleum Production.

Figure 7. Alberta Oil and Gas Production, 2016-2026



Source: Calculations from Canada Energy Regulator data. 2026 based on first 3 months for oil, first 2 months for gas.

Alberta's poor economic growth cannot be blamed on federal suppression of the petroleum industry. Oil and gas production grew steadily over the past 15 years, with the exception of a temporary downturn in 2020 (during the COVID pandemic). Figure 7 shows Alberta's total production of oil and equivalent liquids, and marketable natural gas, over the past decade. Both set new highs in 2025, and are growing further so far in 2026. Oil output has grown 20% since the UCP came to power in 2019; gas production has grown 18%.

Petroleum output has grown robustly. But the benefits of that output for Albertans have been shrinking. Premier Smith's new plan to send $100 to each Albertan, when drivers are paying far more than that in inflated prices for gasoline (even gasoline refined in Alberta from Alberta oil), only highlights the maldistribution of the wealth in the province. The problem is not shortage of production; the problem is how the fruits of that production are distributed.

Not coincidentally, greenhouse gas emissions from Alberta's petroleum industry have grown alongside petroleum output. Annual GHG emissions from oil and gas extraction and refining (the biggest source of Alberta's emissions) grew by 15 megatonnes over the last decade, offsetting almost one-third of hard-won emissions reductions achieved elsewhere in Alberta's economy.[24]

Claiming that Alberta's economy has been 'handicapped' because of federal climate policy is doubly wrong: federal climate policy has neither stopped the growth of petroleum production, nor stopped the growth of emissions from that production.

[24] *Calculations from Environment and Climate Change Canada Data Catalogue, 2014 - 2024 (most recent data).*

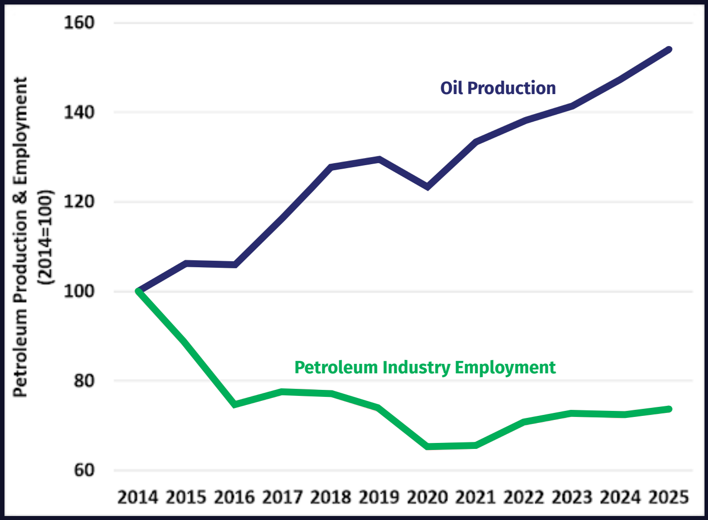
Reality: Petroleum Jobs.

Alberta's output of petroleum has increased steadily over the past decade, but the number of jobs provided by the industry has shrunk significantly. The industry eliminated 35,000 jobs in Alberta in the two years after the oil price crash of 2014 (including jobs lost from upstream production, petroleum and mining services, and petroleum refining). And even though production and profits in the industry soon recovered, soon setting new all-time records, employment remained low. Industry employment in 2025 was still lower than in 2016, after the oil price crash. These figures do not include jobs in construction (including construction of new oil sands plants), so they cannot be blamed on supposed restrictions on major new production facilities.

Figure 8 shows the contrast between the industry's output and employment trends since 2014. Oil production has grown by close to 60%, but employment has fallen by more than 25% since 2014. The industry is producing more, and generating more profits, but with fewer workers. That is the consequence of corporate cost-cutting, not Ottawa's policies.

In 2014, the upstream industry employed 44 workers for every 1,000 barrels of oil produced.[25] By 2025, that labour content had fallen by more than half: just 21 workers were employed for every 1,000 barrels produced. The industry accomplished this dramatic reduction in labour input through many strategies, including cost cutting, automation (such as self-driving mining trucks, remote well operation, and automated geological and other services), outsourcing, and shifting work to foreign-based head offices.[26]

Figure 8.
Petroleum Production and Employment, 2014-2025



Source: Calculations from Statistics Canada Table 14-10-0202-01 and Canada Energy Regulator data. Includes oil and gas extraction, mining and petroleum services, and petroleum refining

There is no reason to believe that separating from Canada, and providing petroleum companies with even more favours (like tax cuts, weaker safety or environmental rules, and lower wages), will bring back oil jobs for Albertans.

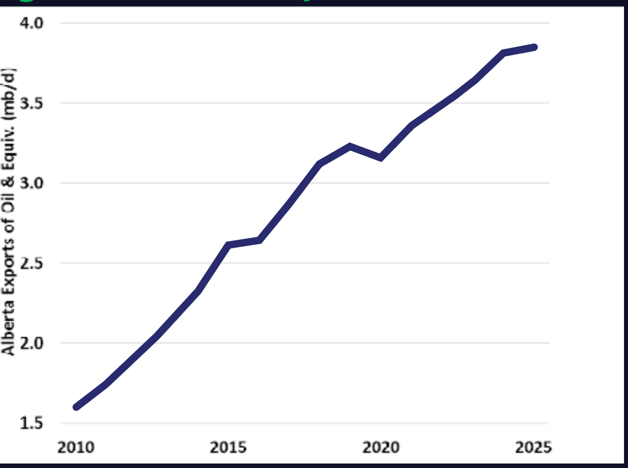
[25] *Including oil and gas extraction, and mining and petroleum services. These employment estimates do not include construction workers,and hence cannot be attributed to the completion of major bitumen projects.*

[26] *Such as Imperial Oil's decision in 2025 to eliminate 900 jobs from Alberta and centralize former work at its U.S. head offices; see Reid Southwick, "Imperial Oil to sell headquarters in Calgary — the city with Canada's highest office vacancy rate," Financial Post, September 30, 2025.*

Reality: Exports.

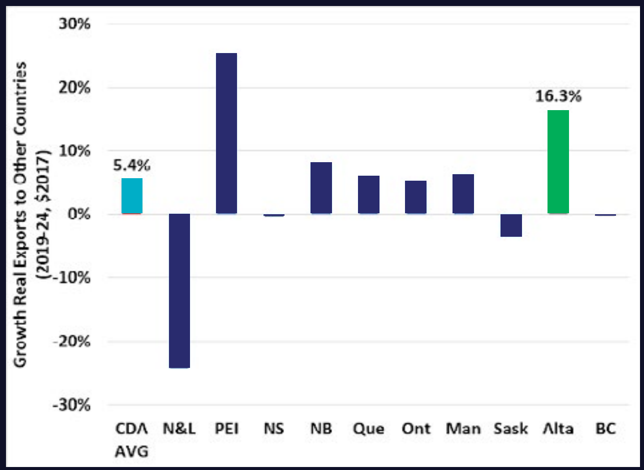
Petroleum is Alberta's main international export, and petroleum exports have grown in step with Alberta's production. Oil is exported from Alberta direct to the U.S. by pipeline, and indirectly through other provinces (to the U.S. by pipeline via Saskatchewan and Manitoba, and to the U.S. and overseas by ship via B.C.). Alberta natural gas also flows to the U.S. directly and through other provinces by pipeline, and now also via LNG tanker through B.C. As shown in Figure 9, Alberta's oil exports have grown steadily alongside total production, reaching record highs in 2025. The expansion of pipeline capacity (which the federal government supported with large financial subsidies to the TMX project) has further facilitated this growth in petroleum exports. Those export routes through other provinces would potentially be jeopardized if Alberta separated from Canada.

Figure 9. Alberta Oil Exports to Other Countries



Source: Calculations from Canada Energy Regulator data.

Figure 10.
Real Export Growth by Province, 2019-2024



Source: Calculations from Statistics Canada Table 36-10-0222-01.

Led by petroleum sales, Alberta has grown its international exports more than almost any other province (with the exception of Prince Edward Island). Figure 10 shows the cumulative growth in Alberta's exports to other countries (in real terms, adjusting for inflation) over the latest five years for which data is available (2019 through 2024). Alberta's exports grew 16% in this time, three times faster than for Canada as a whole. The claim that Alberta is 'blocked' from exporting its petroleum and other products by Ottawa is exactly backwards: Alberta has increased exports more than almost any other province. Whatever's wrong in Alberta, it must be due to what's happening within the province – not due to a failure to export.

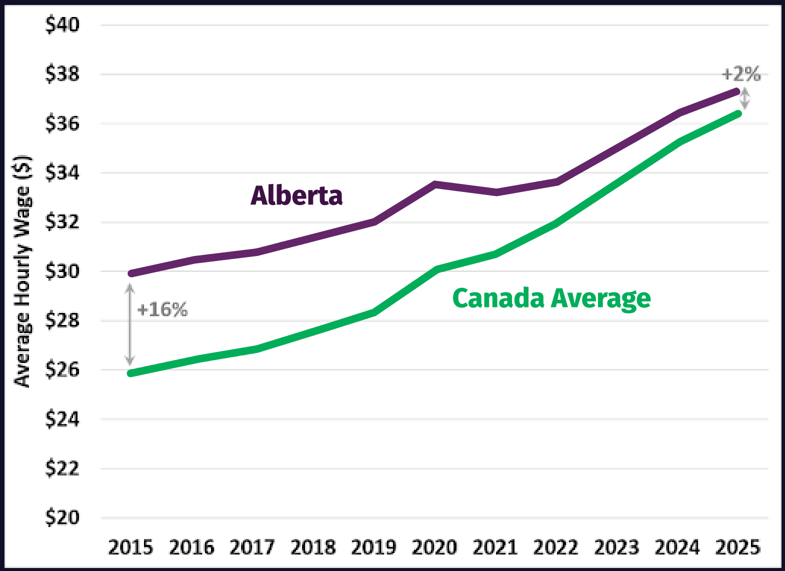
Reality: Wages.

Since 2019 when the UCP government was elected in Alberta, average hourly wages have grown by an average of just 2.6% per year. That is the weakest of any province, and well below the average for Canada as a whole (4.3%).

Alberta was once known as a high-wage province, but that is no longer true. As recently as 2015, average wages in Alberta were $4 (or 16%) above the national average. Because of very weak nominal wage growth in Alberta, that wage advantage has mostly disappeared. By 2025, hourly wages in Alberta were only 2% (less than $1 per hour) above the national average (see Figure 11). Meanwhile, because Alberta has among the highest cost of living among provinces (Calgary and Edmonton both rank among the five most expensive cities in the country[27]), in purchasing power terms the Alberta wage advantage has completely disappeared.

Once again, all provinces in Canada work within the same broad economic and political context. The fact that Alberta's wages have lagged so far behind the rest of the country, cannot be blamed on federal policies – which would have similar effects on all provinces. Rather, Alberta's aggressive and perverse efforts to deliberately suppress wages (such as the 8-year freeze on the minimum wage, and harsh restrictions on union organizing and collective bargaining) are the culprit. Wages for those who still have jobs in the province's oil and gas industry are considerably higher than the provincial or national averages. That helps pull up Alberta's relative wage ranking. But for the large majority of Albertans who do not work in the petroleum sector, average wages are now *lower* than average wages in other provinces. Given the speed with which oil and gas companies have reduced employment (even as petroleum output grew strongly), once-attractive prospects for landing well-paying jobs in Alberta have largely disappeared.

Figure 11.
Average Hourly Wages, Alberta and Canada, 2015-2025



Source: Calculations from Statistics Canada Table 14-10-0064-01.

[27] *Statistics Canada Table 11-10-0066-01.*

Reality: Purchasing Power.

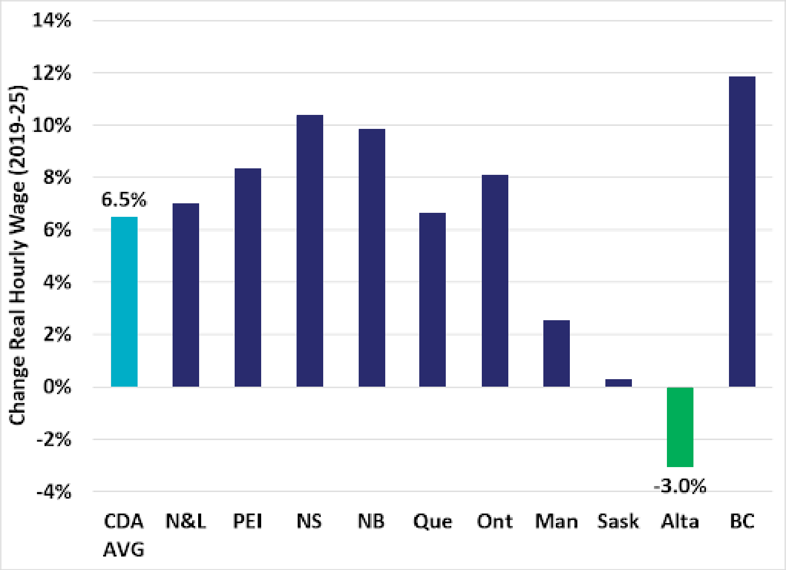
Nominal wages have grown more slowly in Alberta than any other province since the UCP government was elected in 2019. But inflation has been just as fast (averaging 3.1% per year since then) as in the rest of Canada. The combination of slow wage growth with steady inflation means that the real purchasing power of workers' wages in Alberta has been shrinking. Relative to inflation, average real wages in Alberta fell 3% between 2019 and 2025, as shown in Figure 12. Shockingly, Alberta is the only province where real wages are lower than they were in 2019.

In some ways, inflation has been uniquely bad in Alberta due to misguided provincial government policies. Increases in electricity[28] prices, auto insurance, and university tuition fees have been worse than in any other province. New decisions to privatize core health care services (like diagnostic tests) will lead to further increases in the cost of living for workers.

It is little wonder that workers in Alberta are angry.

They are working harder, and producing more than ever. Yet the real purchasing power they earn with each hour of work has shrunk 3% since the UCP government took office.

Figure 12.
Cumulative Change in Real Average Hourly Wage, 2019-2025



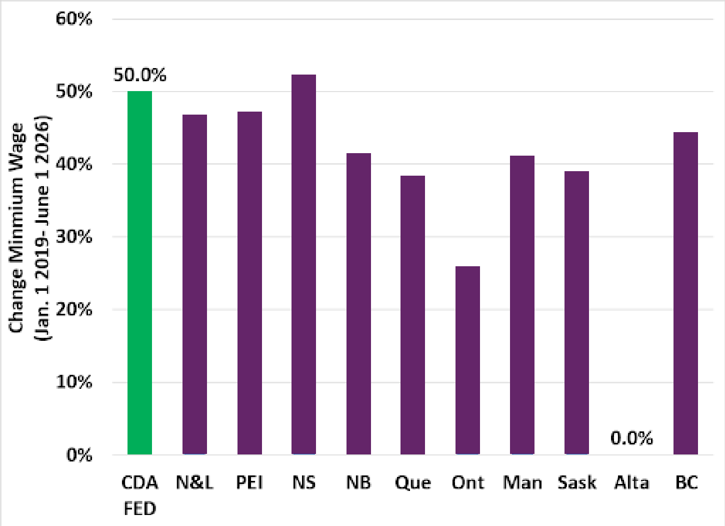
Source: Calculations from Statistics Canada Tables 14-10-0064-01 and 18-10-0005-01.

And it is equally unsurprising that employers and the provincial government want Albertans to blame someone else (namely, Ottawa) for declining living standards here. But the real problem lies right at home.

[28] *Albertans overpaid for provincial electricity by a cumulative total of $24 billion since the sector was privatized in 2001; see Edgardo Sepulveda, Power in the Public Interest, Alberta Federation of Labour, October 2024, https://diversifyalberta.ca/wp-content/uploads/2024/10/AFL-Report-Power-in-the-Public-Interest-October-2024.pdf.*

Reality: Minimum Wages.

Figure 13. Cumulative Change in Minimum Wages by Jurisdiction, 2019-2026



Source: Calculations from Employment and Social Development Canada, Minimum Wage Database. Federal jurisdiction minimum wage began at end 2021; previous it is assumed equal to the average of provinces (since before 2021 federally regulated workers were covered by the minimum wage in whatever province they worked in)

There are many reasons wages have performed so poorly in Alberta, causing widespread hardship and declining living standards for workers and their families. One of the clearest reasons is the UCP government's extreme and inhumane refusal to increase the provincial minimum wage, not even by a dollar, since it came to power. The province's minimum wage has not changed since 2018, despite eight years of inflation (which lifted consumer prices by a cumulative 25%). Figure 13 shows the cumulative change in the minimum wage in each province in Canada since 2019. Alberta has not increased its minimum wage at all. All other provinces raised their minimum wages by between 25 and 50%. Alberta is a perverse outlier.

When the UCP came to power, Alberta had the *highest* minimum wage in Canada. This supported Alberta's overall wage advantage at that time, ensuring that even workers in low-wage industries could share in the province's prosperity. Today Alberta's minimum wage is the *lowest* in Canada. And minimum wage workers have seen their real standard of iving decline by 20%. Note that workers in federally regulated industries in Alberta (including interprovincial transportation, communication, and banking) are covered by the federal minimum wage, which is much higher and is increased every year (currently $18.15 per hour).

The eight-year freeze in the minimum wage is just the most potent sign of the provincial government's determination to suppress wages and boost business profits.

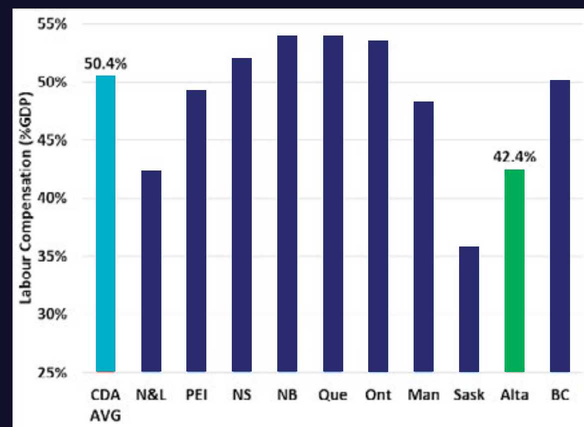
The resulting hardship has nothing to do with the federal government.

If Alberta separated, that federal minimum would no longer apply – and workers in those industries could then face a wage cut of up to $4.15 per hour.

Reality: Labour Share of GDP.

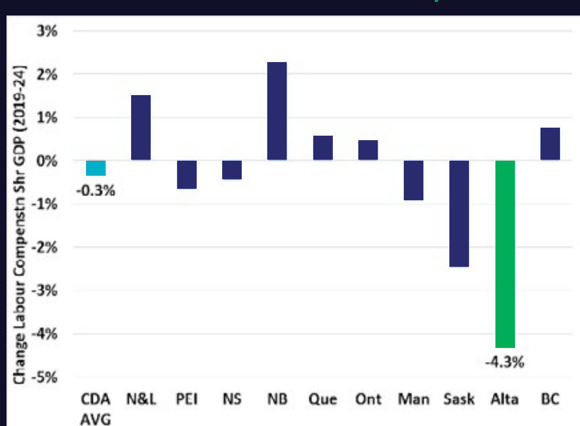
Wages have been weak for years in Alberta, and real wages have been falling. But productivity in the province is high and growing, reflecting the capital intensity and wealth-creating potential of the petroleum sector and other industries. This amplifies the decline in workers' share of the economic pie: the pie is getting bigger, but workers' slice is getting smaller. Figure 14 compares the share of provincial GDP received by workers in each province, in wages, salaries, and supplementary benefits (including employer contributions to pensions and payroll programs like EI and CPP). Alberta and Newfoundland tie for second-lowest in Canada: workers in both provinces receive just 42% of GDP in compensation. Only Saskatchewan is lower; the labour share of GDP there is reduced due to the large farm population.

Figure 14. Labour Compensation Share of GDP, Canadian Provinces, 2024



Source: Calculations from Statistics Canada Table 36-10-0221-01

Figure 15. Cumulative Change in Labour Share of GDP, 2019-2024



Source: Calculations from Statistics Canada Table 36-10-0221-01.

The government claims that keeping wages low leads to stronger job-creation, but the facts tell the opposite story. Alberta's unemployment rate has been higher than the Canadian average through most of the UCP's tenure in office,[29] despite (or perhaps because of) weak wage growth. When workers cannot defend their share of the economic pie, and real wages decline, then consumer spending is weakened, and job-creation suffers.

The longer wages are suppressed in Alberta, the more does the labour share of GDP shrink. Since 2019 and the election of the UCP, the labour share (which was already low compared to most other provinces) declined by another 4 percentage points (as illustrated in Figure 15). That was the biggest decline in labour share of any Canadian province. Indeed, elsewhere in Canada the labour share was broadly steady. Again, Alberta is an outlier among provinces in how badly workers are compensated. This causes hardship and anger… but don't blame Ottawa. Blame employers – and the provincial government that helps them keep wages low.

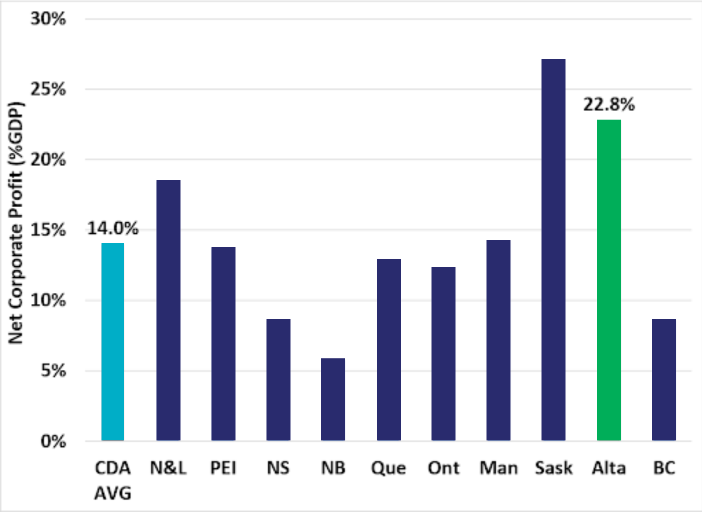
[29] *As of July 2026, most recent data at time of writing, the unemployment rate in Alberta was 7.0%, compared to a national average of 6.4%.*

Reality: Profits.

Workers in Alberta have experienced ongoing erosion of their real incomes, as a result of deliberate wage suppression strategies by employers and the provincial government. But businesses and their owners have done very well. Despite slow economic growth and suppressed consumer spending power, business profits have grown impressively. In 2024 (most recent data available), corporate net profits (after depreciation) accounted for 23% of provincial GDP. As indicated in Figure 16, that was higher than any other province except Saskatchewan. The profit share of GDP in Alberta is twice as large as in the rest of Canada.

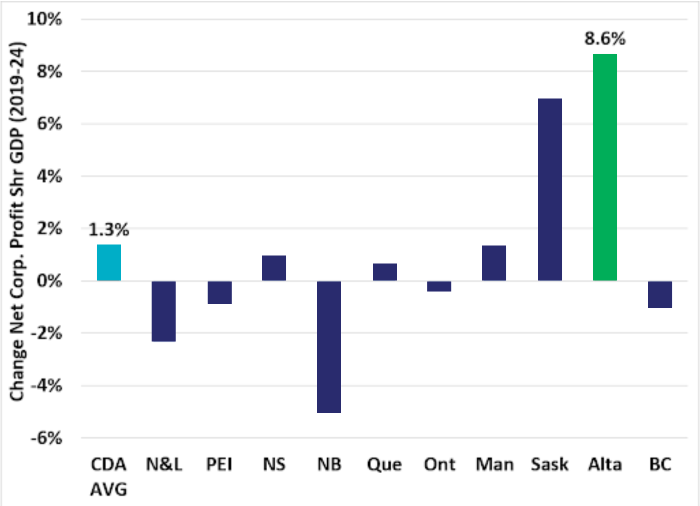
And profits have grown very strongly in Alberta. Total nominal net corporate profits more than doubled between 2019 (when the UCP was first elected) and 2024 (most recent data), rising 116% to $108 billion. Almost 50 cents of each dollar in new GDP produced in Alberta over that period was captured in net corporate profit. So the profit share of GDP increased by 8.6 percentage points of GDP during just the first five years of UCP rule. As shown in Figure 17, that was a bigger rise in profit share than any other province.

Figure 16. Net Corporate Operating Surplus as Share of GDP, Canadian Provinces 2024



Source: Calculations from Statistics Canada Table 36-10-0221-01.

Figure 17, Figure 9. Cumulative Change in Corporate Profit Share of GDP, 2019-2024



Source: Calculations from Statistics Canada Table 36-10-0221-01.

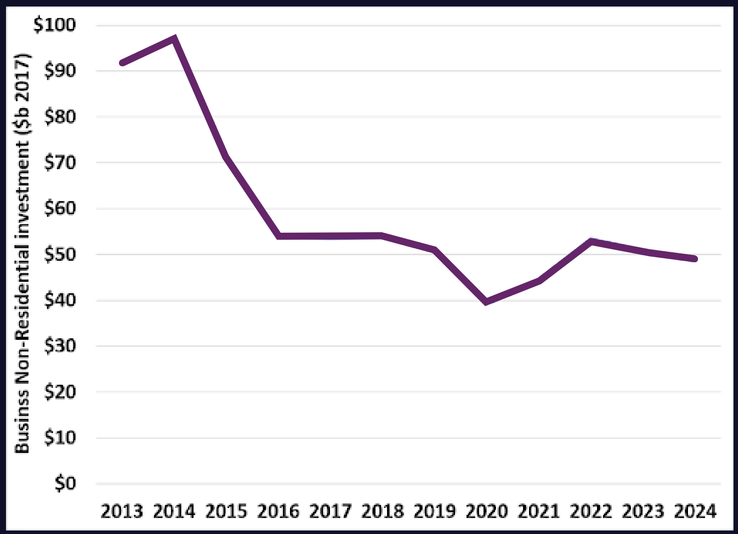
Clearly, the problem is not that Ottawa is 'stifling' Alberta's growth. The problem is that so little of that growth is 'trickling down' to workers – because so much is being captured at the top.

Reality: Investment.

With such impressive profitability, one might expect that business investment in Alberta would be booming.
Unfortunately, that expectation is misplaced.

Despite strong growth in profits, and the provincial government's active assistance in keeping wages low, business capital spending in Alberta has continued to disappoint. In real (after-inflation) terms, non-residential business capital spending (on both structures and machinery) has been flat. Investment understandably declined after the oil price crash of 2014. But it has stayed low ever since, despite recovery in oil prices and a new wave of record profits. As indicated in Figure 18, real business non-residential capital spending has stagnated since 2016, at around $50 billion (in inflation adjusted 2017 dollars) per year.

Figure 18. Real Business Non-Residential Capital Spending, Alberta, 2013-2024



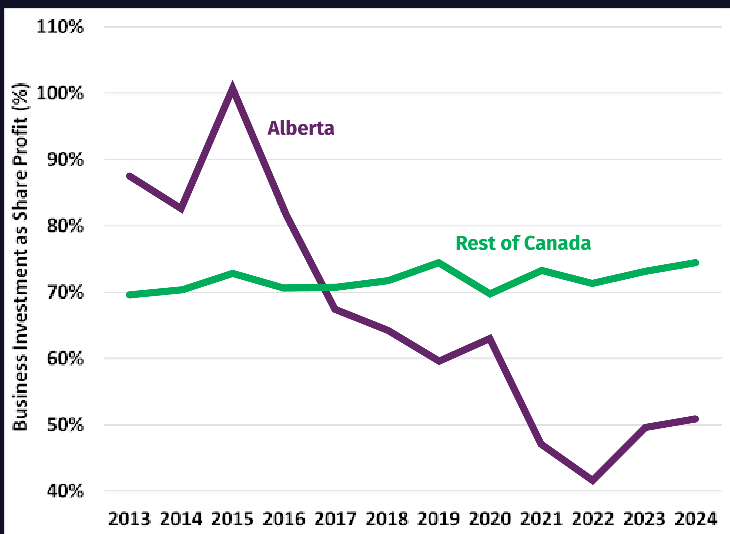
Source: Statistics Canada Table 36-10-0222-01.

The UCP government has bent over backwards to please the business community, with policy favours that are often painful to the broader public (like privatizing health services, cutting corporate taxes, and suppressing wages). This tilting of the economy in favour of business has had zero impact on the actual economic effort of business; business capital investment has stagnated at historic lows. Real business non-residential capital spending in 2024 (most recent data) was 4% lower than in 2019 (when the UCP was elected).

"The UCP government has bent over backwards to please the business community, with policy favours that are often painful to the broader public (like privatizing health services, cutting corporate taxes, and suppressing wages)."

Reality: Reinvestment of Profits.

Figure 19. Business Capital Investment as Share Gross Profits, Canada and Alberta, 2013-2024



Source: Calculations from Statistics Canada Tables 36-10-0222-01 and 36-10-0221-01.

Alberta businesses have captured record profits, in large part thanks to pro-corporate provincial policies, but they have reduced their investments in new capital projects in the province. As a result, the share of corporate profits ploughed back into new activity in Alberta has declined dramatically. Figure 19 illustrates the ratio of gross business investment spending (including residential investments) to gross operating profits for the broad business sector; both measures include depreciation. After 2014, this reinvestment ratio fell from near 100% (meaning virtually all profits were reinvested) to below 50% (meaning less than half were). In contrast, the business reinvestment rate in the rest of the Canadian economy has remained stable, around 70-75% of gross corporate profits. The weakness of business capital investment in Alberta since the oil price crash of 2014 cannot be blamed on constrained petroleum output (which grew 50% since then), climate policy (which has not curtailed emissions from the petroleum industry), or inadequate profits (which have grown faster than in any other province).

The core problem lies in Alberta being too dependent on the boom-and-bust decisions of one industry: the petroleum sector.
Its allegiances are to its owners – not to Alberta's economic well-being.

In sum, the petroleum industry is more concerned with paying record dividends and share buybacks than with reinvesting in Alberta's future. The latest oil price spike, arising from U.S. President Donald Trump's war against Iran, hasn't changed this poor investment performance at all. Oil company profits have surged: after-tax profits for just the four largest publicly-traded Canadian firms surged 144% in the second quarter of 2026, compared to year-earlier levels.[30] Yet the combined capital spending effort of the four firms actually declined slightly compared to the same period in 2025.

[30] See Jim Stanford, "Iran War, Soaring Prices Drive Record Oil Profits," Centre for Future Work, August 6, 2026, https://centreforfuturework.ca/2026/08/06/iran-war-soaring-prices-drive-record-oil-profits/. Includes Suncor, Cenovus, Imperial Oil, and Canadian Natural Resources.

The four distributed $6 billion in dividends and share buy-backs to financial investors – but the record surge of profits is having no impact on real investment and job-creation. These companies are more interested in enriching their owners, than in expanding their industry, even with record profits.

Moreover, a large share of those profits are exported from Alberta to foreign investors, further diluting their benefit for the provincial economy.

Research indicates that about 60% of the equity value of the largest publicly-traded Canadian petroleum companies is owned by foreign investors.[31]

Some major companies operating in Alberta (such as the wholly-owned subsidiaries of foreign oil giants) have even higher levels of foreign control. Because of this high level of foreign ownership and control, the chances of record oil profits producing any trickle down benefits at all for the provincial economy are reduced all the more.

The provincial government shares a large portion of the blame for the poor reinvestment of provincial businesses. Its obsession with pipeline politics hides its own failure to support investment and diversification in other value-added industries. Many UCP policies have directly harmed investment – like its superstitious ban on new investments in renewable energy (a sector in which Alberta once led Canada, but now is frozen because of provincial regulatory blockages).

Hoping that Alberta separation will bring back boom times led by new petroleum megaprojects ignores the realities of a rapidly changing world energy system. The bitter truth is that petroleum companies are extracting profit and capital from the province, not re-investing in a diversified, innovative, and sustainable Alberta economy.

Separating from Canada would only put Alberta even more in thrall to a corporate sector that is interested in profit, not people.

[31] *Silas Xuereb, "Exporting Profits: Alberta Oil and Gas Workers Fall Behind While American Shareholders Thrive," Alberta Federation of Labour, October 2025, https://www.taxfairness.ca/sites/default/files/2025-10/Exporting-Profits-Report-October-2025.pdf.*

CONCLUSION

Protesters at AFL Fight Back Now Rally, Edmonton AB, May 29 2026. NASA University of Alberta

Unfortunately, Alberta's political and economic affairs will be dominated for years to come by this needless debate over separation.

The debate is the legacy of an opportunistic government's failure to take consistent, principled stand in favour of national unity – more concerned with political survival in the face of internal party divisions, than with the genuine well-being of the province.

Alberta is already paying an economic price because of this diverting and divisive debate. Business leaders report that investment plans are being delayed or cancelled because of growing uncertainty over the province's future.[32] Many Albertans are considering their options if separation looks possible; over a third say they would leave the province if it separated, sparking an economic cataclysm. Promises of separatist leaders that secession would lead to an economic boom, lower taxes, and true 'freedom' are fantasy. Most economists agree it would in fact lead to uncertainty, monetary chaos, recession, and falling living standards.

Separatist sentiment has taken hold among many Albertans who are rightly angry that their economic prospects and hopes have been badly damaged in

[32] *See, for example, Jackie Carmichael, "Alberta separatism starting to overshadow economic progress: Edmonton Chamber CEO," Edmonton Journal, June 5, 2026,* https://edmontonjournal.com/news/politics/alberta-separatism-economic-edmonton-chamber.

recent years. That anger is validated by the uniquely poor performance of wages, living standards, and affordability in Alberta. The provincial government and certain business leaders have tried to divert blame for that anger away from their own failures, scapegoating a distant federal government for all that ails Alberta. That scapegoating may have been politically successful for provincial conservatives at times – but it has now lit a wildfire of separatist sentiment that will be risky to contain.

Workers in Alberta deserve the facts about what's gone wrong in their province in recent years, and what can be done to fix it. Instead of stoking separatist sentiment that can only lead to a political and economic dead-end, Albertans from all walks of life can come together and imagine a stronger, more inclusive, and more sustainable future for their economy and their communities:

- **Use Alberta's remarkable human, natural, and technological capacities to develop a diversified, value-added economy, rather than putting all our eggs in one petroleum extraction basket.**

- **Enact policies that deliberately share the wealth Albertans produce, through higher minimum wages, free collective bargaining, and full respect for labour and human rights.**

- **Supplement rising cash incomes with an extensive network of public services and protections, instead of privatizing health care and other services to further enrich the business sector.**

- **Recommit to building cooperative relationships with the rest of Canada, so that Albertans can prosper alongside the rest of the country – instead of pretending that splitting away can somehow make us richer.**

AFL President Gil McGowan speaks at Alberta Teachers Rally, Edmonton AB, October 23 2025. Ron Palmer

The Alberta Federation of Labour's Worker Agenda encapsulates many of these positive themes.[33] It is a hopeful, inclusive, and realistic blueprint for building a stronger province, within a stronger and more unified Canada.

None of the changes workers need in Alberta are genuinely blocked by Ottawa. The key barriers are the entrenched economic and political power of wealthy elites right here in Alberta. Uniting to defeat separatism can be a big step in overcoming their entrenched power, and opening the door to building a better Alberta where everyone can share in the wealth we produce together. Trade unions in Alberta, as the organized voice of workers, will take a leading role in that effort to discredit false separatist narratives, and lay out of a vision of the genuine changes that would lift living standards and well-being for the workers who make this province work.

Protest sign reading " I am no longer accepting what I cannot change - I am changing what I cannot accept", Alberta Teachers Rally, Edmonton AB, October 23 2025. Ron Palmer

[33] *Alberta Federation of Labour, Worker's Agenda, May 2026, https://workeragenda.ca/.*

About the Alberta Federation of Labour

The Alberta Federation of Labour (AFL) is the leading voice for working Albertans, representing 26 affiliated trade unions and over 170,000 unionized workers across Alberta. The AFL fights to defend and advance the rights of working people, and we mobilize Albertans to affect change through collective action.

About the Centre for Future Work

The Centre for Future Work is a progressive labour economics research institute, founded in Canada in 2020.

The Centre is a unique centre of excellence on the full range of economic issues facing working people: including the future of jobs, wages and income distribution, skills and training, sector and industry policies, globalization, the role of government, public services, and more. The Centre also develops timely and practical policy proposals to help make the world of work better for working people and their families. The Centre is independent and non-partisan.

Acknowledgements

Jim Stanford,
Economist and Director, Centre for Future Work

Jim Stanford is Economist and Director of the Centre for Future Work, a labour economics think tank based in Vancouver, B.C..

Jim served for over 20 years as Economist and Director of Policy with Unifor, Canada's largest private-sector trade union (formerly the Canadian Auto Workers). He is quoted frequently in the print and broadcast media, and contributes a regular column in the Toronto Star. He is also the Harold Innis Industry Professor in Economics at McMaster University in Hamilton, Canada.

Jim is the author of Economics for Everyone: A Short Guide to the Economics of Capitalism (second edition published by Pluto Books in 2015), which has been published in six languages.

Gil McGowan,
President, Alberta Federation of Labour

In April 2025, Gil McGowan was re-elected to a record eleventh two-year term as president of the Alberta Federation of Labour (AFL), Alberta's largest union advocacy organization, representing more than 170,000 workers in both the public and private sectors.

McGowan's leadership has translated into real gains for workers: raising the minimum wage, protecting public sector pensions, expanding CPP, reining in the exploitive Temporary Foreign Worker Program, and strengthening labour and workplace health and safety laws.

His influence extends well beyond the AFL. He played an instrumental role in electing Alberta's first NDP government, then served as co-chair of that government's Energy Diversification Advisory Committee. He has chaired and vice-chaired the Sponsor Board of the Local Authorities Pension Plan (LAPP), a $70 billion fund providing retirement security for 300,000 Albertans. He also chaired Alberta's Coal Transition Coalition, sat on the federal government's Just Transition Taskforce, and led the labour movement's Industrial Policy Taskforce, producing the influential "Skate to Where the Puck is Going" report — a worker-focused roadmap for Alberta's economic future. Today, he also chairs the Common Front of Alberta unions.

Most recently, McGowan led development of the AFL's popular Worker Agenda and helped organize a historic province-wide day of protest under the Fight Back Now! campaign banner. He's now working with unions and allies on a second day of protest, taking aim at the separatist referendum and other anti-worker moves by the UCP government.

McGowan was awarded the Queen's Platinum Jubilee Medal for significant contributions to the province, and was previously named one of Alberta's 50 Most Influential People by Venture magazine.

The Alberta Federation of Labour extends its thanks to Desiree Marcotte for the design and layout of this report, and to the AFL staff team for their contributions to its development and release.

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