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Foundation



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Alberta in Confederation

The economic, trade and constitutional
realities of separation



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FOREWORD

Alberta in Confederation

On October 19, 2026, Albertans will vote on 10 referendum questions related to immigration policy, constitutional reform and Alberta's place in Canada. The 10th question offers two options and has captured the attention of Canadians from coast to coast to coast. It asks whether Alberta should remain a province of Canada or if the Government of Alberta should commence the legal process required under the Canadian Constitution to hold a binding provincial referendum on whether or not Alberta should separate from Canada.

Put more simply: do we want Alberta to remain a province of Canada, or do we want a binding referendum on whether Alberta should separate from Canada?

The ballot question is narrow, as a matter of law. It's a referendum on whether to hold a referendum, but no one should mistake that legal narrowness for the true stakes. Underneath the careful wording is a much larger question: to be, or not to be, Canadian. That is the question.

It's not a decision to be made lightly and not one Albertans should have to make without a clear-eyed understanding of what is actually at stake.

Over the past several months, I have written that Albertans' frustrations with Confederation are real and that pretending otherwise gets us nowhere. Those frustrations run deep, and they did not begin with talk of a referendum. Some trace back more than four decades, to the National Energy Program (NEP), which redirected Alberta's oil and gas revenue eastward through price controls and new taxes. By economist Robert Mansell's accounting, between 1961 and 1992 alone, Alberta contributed nearly \$139 billion more to federal coffers than it received, and that trend has continued. Equalization, pipeline approvals, energy and climate policy, interprovincial trade barriers and Alberta's thin representation in national decision-making have added to the ledger since.

Provinces have the right to their constitutional autonomy and protections allowing them to govern. It doesn't make them any less Canadian. The division of powers provides the Canadian people with balance, accountability and identity. Each region in Canada is unique, and each region has important contributions to make to their own communities, provinces and the country. Canadians expect intergovernmental collaboration to meet their needs. During federal-provincial constitutional meetings in 1981, when asked by Pierre Trudeau who speaks for Canada, former Alberta premier Peter Lougheed answered simply: "We all do."

Sadly, too many Albertans no longer feel the truth of that answer. It is not difficult to understand why.

But grievance is not the same thing as an answer.

There is also too much certainty in the Alberta separation debate. Some are certain that separation would be a catastrophe. Others are certain that it would be a liberation. Opinions are often strong and firm, but neither position leaves much room for the harder work of listening, learning and understanding what separation would actually mean.

What happens to a pension earned over a working lifetime? What currency would Albertans use, and who would set the interest rate on their mortgage? How would Alberta's share of the federal debt be calculated? What would that debt cost to borrow once financial markets priced in the uncertainty of a new sovereign state?



The eight dissenting premiers who disagree with Prime Minister Trudeau's constitutional package in Ottawa, Nov. 3, 1981. Clockwise from left: Brian Peckford, Newfoundland; Allan Blakney, Saskatchewan; Angus MacLean, P.E.I.; John Buchanan, Nova Scotia; Rene Levesque, Quebec; Peter Lougheed, Alberta; William Bennett, British Columbia; and Sterling Lyon of Manitoba (back to camera).



What happens to the Indigenous nations whose treaties predate the province itself? What happens to a truck crossing into Saskatchewan, British Columbia or the United States or an airline with landing rights that were negotiated government-to-government? What happens to the businesses with access to markets, transportation systems, financial institutions and regulatory arrangements that have been built over generations within Canada?

These are not abstractions. Eventually, the numbers find their way to the kitchen table.

That is the gap this volume is intended, in part, to help close.

The Canada West Foundation has brought together people with the expertise to identify the questions that matter and the experience to examine them with evidence rather than emotion. The contributors come from different fields and bring different perspectives. They do not approach every issue from the same starting point. They do not necessarily reach the same conclusions, nor do they share the same opinions.

That is a strength.

A serious examination of Alberta's future should not begin with the assumption that every question has one predetermined answer. Nor should it begin with the assumption that the consequences of separation, or remaining within Canada, can be reduced to a handful of slogans.

Ted Morton, who taught constitutional law and federalism for more than 30 years and served as an Alberta cabinet minister, examines what has changed and what has been lost in Alberta's constitutional standing since the era of Peter Lougheed. **Dwight Newman**, who holds a Canada Research Chair in Rights, Communities and Constitutional Law, brings additional constitutional expertise to the questions that would arise from any attempt to alter Alberta's place within Canada.

Audrey Doerr draws on decades of scholarship on Canadian government to examine Indigenous rights and treaty relationships. These are not peripheral questions. The treaties that predate Alberta's entry into Confederation and the rights protected by the Constitution would be central to any serious discussion of Alberta's constitutional future.

Herb Emery, Paul Boothe and Lennie Kaplan bring different perspectives to Alberta's economic and fiscal position. Their work considers the fiscal and economic realities that would confront an independent Alberta, both at the outset and over the longer term.

Greg Anderson, who worked on trade policy inside the Office of the United States Trade Representative, considers the international trade questions that would arise if Alberta became a separate country. **Jeffrey McCaig**, chairman of Trimac Transportation, one of North America's largest bulk trucking companies, brings the perspective of a major Alberta-based business with operations that depend on transportation networks and commercial arrangements across provincial and international borders.

Adam Legge, president of the Business Council of Alberta, offers the perspective of businesses and investors weighing consequential decisions in the face of considerable uncertainty.

Each contributor brings a different lens to the discussion. Together, they provide a more complete picture of the issues Albertans need to consider.

Some of the questions can be answered with considerable confidence. Others can be estimated, but only within a range. Still others cannot be answered today because they would ultimately have to be negotiated with Canada, other provinces, Indigenous nations, trading partners and international institutions.

Knowing the difference matters.

So does recognizing that a decision of this magnitude would not end with a referendum vote.

Albertans have seen, in other referendums, how quickly certainty can give way to second thoughts once the details become real. In the United Kingdom, the debate over leaving the European Union (EU) demonstrated how different the practical questions of withdrawal could be from the broad proposition put to voters. The terms of Brexit took years to negotiate, and the economic and political consequences continue to be debated. What appeared straightforward on the ballot proved far more complicated in practice and outcome.



Quebec's experience highlights that the economic consequences of a separation debate and political instability can begin well before a referendum and continue well after. Montreal had historically been Canada's leading financial centre, but during the 1970s, major institutions were already shifting important functions to Toronto. Royal Bank moved key head-office functions in 1976. Bank of Montreal moved its operational headquarters in 1977 while retaining its legal head office in Montreal, and Sun Life moved its head office in 1978. Canadian Pacific Railway Ltd. relocated its headquarters from Montreal to Calgary following the 1995 referendum, which was decided by less than one per cent of the vote.

Research examining the 1995 referendum found that uncertainty surrounding the vote affected the stock returns of Quebec-based firms, particularly those with greater exposure to political risk. These findings point to the economic consequences of political uncertainty. Although the corporate decisions of the period cannot be attributed to separatism alone, the continued threat of separation along with changes in language policy, industry restructuring and the growing importance of other regions added additional layers of risk for businesses and investors beyond what they normally face.

People responded to that uncertainty as well. Between 1976 and 1981, Quebec experienced a net loss of more than 100,000 residents with English as their mother tongue to other provinces, followed by net losses of about 42,000 between 1981 and 1986 and 22,000 between 1986 and 1991. Those departures represented more than a demographic shift. When workers and families leave, they take skills, investment, professional networks, entrepreneurship and purchasing power with them. And although Alberta is not Quebec, the broader lesson is relevant: uncertainty has an economic cost. Businesses, investors and workers do not have to wait for a referendum result to make decisions about where to invest, build a business or pursue a career. By the time the ballots are counted, some of those decisions may already have been made.

The lesson is not that Alberta should reach the same conclusion as voters elsewhere. It is that voters deserve to understand the risks and consequences before making a decision that may be difficult, costly or impossible to reverse.

The consequences of Alberta's decision would not be confined to Alberta.

Financial markets, credit rating agencies and other provinces and trading partners would take notice. Businesses deciding where to invest, expand and employ people would have to consider what a change in Alberta's constitutional status meant for them.

Others with an interest in seeing Canadians divided have also taken notice of Alberta's separation sentiment. Researchers have reported foreign-linked accounts and networks, some using AI-generated content, amplifying separatist narratives online. Canada West Foundation takes no position on the motives behind these types of posts, but Albertans would be wise to consider the source of what they read and share before letting it shape their judgment.

That does not mean Albertans should be persuaded by fear. It means we should understand the full range of risks and consequences before deciding.

Importantly, the same principle applies to the arguments in favour of separation, including the opportunities they present. It would be equally unhelpful to suggest that becoming an independent country would automatically resolve Alberta's economic, political or constitutional frustrations. Sovereignty would create opportunities, but it would also create responsibilities. It would give Alberta greater control over some decisions while requiring Albertans to take full responsibility for many decisions that are now made collectively through Canada. We may want those responsibilities, but we must be clear-eyed about what they involve and what they would cost us.

These questions deserve to be examined with the same seriousness.

That is what this volume seeks to do.

The Canada West Foundation has long believed that Western Canadians are best served when public policy is approached with independence, evidence, strategic engagement, bold solutions and a willingness to consider competing perspectives. We also believe that after these considerations, when the West leads, Canada thrives. And we should all want Canada to thrive.

Our anthology reflects that same commitment to evidence and impartiality. It does not tell Albertans how to vote. Our role is to help ensure that Albertans have the information necessary to make their own judgment.



There will always be uncertainty when a question of this magnitude is being considered. No report can eliminate it. No economist can predict every market response. No constitutional scholar can know in advance how every negotiation would unfold. No business leader can know exactly how investors, customers or employees would respond.

But uncertainty is not a reason to avoid asking the questions. It is a reason to ask better ones.

The contributors to this volume have done that.

They have examined the constitutional questions, economic and fiscal implications, Indigenous rights and treaty obligations, trade and transportation considerations, investment issues and practical realities that would confront Alberta if its relationship with Canada were fundamentally changed.

The purpose is not to settle the debate.

It is to improve it.

Albertans deserve to understand the grievances that have brought us to this point. They also deserve to understand the opportunities, responsibilities, risks and uncertainties that would follow from any change in Alberta's constitutional status.

Most of all, they deserve to make their decision with their eyes open, knowing what we know, recognizing what can reasonably be estimated, acknowledging what remains uncertain and understanding what would still have to be negotiated.

The question before Albertans is consequential for more than one generation. It concerns the country their parents and grandparents helped build, the province they have inherited and the future they will leave to their children.



Gary D. Man

President and CEO
Canada West Foundation



History and Sentiment







TED MORTON

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He served as the member of legislative assembly (MLA) for Foothills–Rocky View in the Legislative Assembly of Alberta from 2004 to 2012. He was the minister of Energy (2011–12), minister of Finance (2010) and minister of Sustainable Resources Development (2006–2009).

Before entering public office, Morton taught in the political science department at the University of Calgary from 1981 to 2004. He returned to teaching from 2012 to 2017. Morton received his BA from Colorado College (Phi Beta Kappa) and his MA and PhD in political economy at the University of Toronto.

Morton has been a visiting scholar at universities in France, Australia, Quebec and the United States.



Western Alienation: Alberta at a crossroads

Four decades ago, Albertans were the leaders in the creation of a new federal political party—the Reform Party—under the slogan The West Wants In. Reform was a prominent episode in Alberta’s century-long struggle to improve its position within Confederation, laying the groundwork for future movements. Now in 2026, with a pending referendum on whether Alberta should secede from Canada, it’s time to ask: Did Alberta succeed? Is the province better off today than it was 40 years ago?

As explained below, Alberta has lost ground, both on the policy side and on the constitutional side. For a growing number of Albertans, these losses suggest that the province is more vulnerable to confiscatory and destructive federal policies today than in the 1980s. This study summarizes these losses and suggests an explanation. It does not take a position on the upcoming referendum on secession.

Policy losses

Most of Alberta’s recent policy losses have been caused by the energy and environmental policies of the Trudeau government (2015–2025). These policies have blocked the development and export of Alberta’s oil and gas.

For example, Bill C-69 (2018)—the so-called No More Pipelines Act—imposed approval requirements for new oil and gas pipelines that are so complex and time-consuming no private sector companies are willing to take the risks of investing. Enbridge’s proposed Northern Gateway pipeline project and TransCanada’s Energy East pipeline were both abandoned for these reasons.

Although the Trans Mountain Expansion Project (TMX) and Coastal GasLink pipeline were completed, costly delays meant that Alberta oil and gas was being sold at discounted values to international markets.

When the owner of the TMX project, Kinder Morgan Canada, began expanding the existing line in 2013, the cost was estimated at \$6.8 billion. The Government of Canada bought the project in 2018, and by the time it was completed in 2024, the final cost had spiked to \$34 billion.

In 2018, the Trudeau government's federal carbon tax (Bill C-74) and a mandatory federal cap on carbon dioxide (CO₂) emissions in 2024—both without Alberta's consent—created the risk of additional costs to drill new oil and gas wells. However, the consumer-facing part of the carbon price was eliminated in April 2025, and the emissions cap was not implemented, as a result of the November 2025 Canada-Alberta Memorandum of Understanding.

Judicial decisions that have expanded the meaning of existing Indigenous rights and the duty to consult have created a de facto Indigenous veto over new resource development, which has resulted in more policy uncertainty, delays and costs.

Ottawa has allowed foreign climate change activists to fund “death by delay” litigation campaigns to block new pipelines in Canada. Such foreign interference in Canadian politics is unprecedented (Mintz, Morton and Flanagan, 2020, pp. 32–33). These federal policies had real-world, negative consequences for Albertans. By 2020, there had been a \$100 billion capital exodus out of the Canadian energy sector (Mintz, Morton and Flanagan, 2020, pp. 34). In the early 2000s, foreign capital investment poured into Alberta. ConocoPhillips, Marathon, Apache and Chevron all made major new investments in their existing operations. New investors included Shell from the United Kingdom; Total from France; Statoil from Norway; BP and Centrica from England; and a host of smaller companies from Korea, China and Japan. By 2020, they were almost all gone.

This exodus was driven by federal policies, not oil prices (Savoie, 2017). South of the border, investment in the U.S. energy sector increased by 38 per cent from 2014 to 2019. In Canada, capital expenditure declined from \$80 billion to \$35 billion (Mintz, Morton and Flanagan, 2020, pp. 34). For Albertans, this has meant lower wages and job losses.



In 2022, the unemployment rate in Alberta rose to 15.8 per cent, the highest in Canada. This was the first time Alberta had the nation's highest unemployment rate since the 1980s, when the province was the target of Prime Minister Pierre Trudeau's national energy policy.

The flight of capital investment in Alberta's energy sector has had even more negative consequences for the Alberta government. Declining tax and royalty revenues, combined with spending decisions, have led to budget deficits and borrowing costs. In 2005, Premier Ralph Klein proudly announced that Alberta was debt free for the first time in 20 years. Since then, Alberta's debt has spiraled to over \$100 billion dollars with annual interest payments of \$3.4 billion a year, money that could have been spent strengthening Alberta education and health systems.



Albertans' frustration with federal fiscal policies is compounded by the fact that over the same years that it fell into deficits and debt, Ottawa continued to take on average a net \$20 billion dollars per year out of Alberta—the difference between what Ottawa spends in Alberta and what it collects from Albertans in taxes and pensions.

Going forward, it could get worse. A study by Deloitte projected that the effect of Ottawa's now-paused cap on CO₂ emissions would have reduced Alberta's economy (GDP) by \$191 billion dollars by 2040 (Treasury Board and Finance, 2024). A Conference Board of Canada report projects 54,000 job losses and an annual decline in Alberta government revenues of \$4.5 billion in nominal terms by 2030 (Fraser Institute, 2024).

Constitutional losses

In addition to these policy losses, Alberta has also lost four of the most important constitutional victories won by Alberta Premier Peter Lougheed in the 1980s.

Section 92A: Natural resource development

Section 92A of the Canadian Constitution was Lougheed's most historic achievement. It explicitly affirms each province's "exclusive jurisdiction" over the "exploration, development, conservation and management of non-renewable natural resources." The purpose of 92A was to ensure that Alberta would never again see a federal government implement anything like Pierre Trudeau's disastrous National Energy Program (1980). Section 92A was a non-negotiable demand of Lougheed and the other western premiers.

But 92A's protection has now been largely erased by the anti-oil-and-gas policies of the Liberal government under Justin Trudeau and by the Supreme Court judges that have upheld them. The Court of Appeal of Alberta declared the Liberal's carbon tax an unconstitutional violation of section 92A. They described it as a "constitutional trojan horse that, under the guise of fighting carbon emissions, would give the federal government potentially unlimited power over provincial regulations." Alberta judges warned that the carbon tax "would forever alter the constitutional balance that exists between the heads of power allotted to Parliament and the provincial Legislatures in the federal Canadian state ... [facilitating] a wholesale takeover of a collection of clear provincial jurisdictions and rights (Morton, 2021)." But the Supreme Court reversed their decision. The carbon tax remains the law of the land and section 92A is left in tatters.

Section 38: Amending formula and provincial equality

For Lougheed and other western premiers, the wording of the new constitutional amending formula was just as important as section 92A. As originally proposed by Trudeau, the new constitution would have entrenched the historical veto powers that only Ontario and Quebec enjoyed. This was totally unacceptable to the western provinces. Led by Lougheed, they demanded provincial equality—an end to the two-tier federalism of the 19th century.



The western premiers forced Trudeau to agree to a compromise—the current 7/50 amending formula. The math for the 7/50 formula is complicated, but the bottom line isn't. Together, Ontario and Quebec can block a proposed amendment, but neither has a unilateral veto.

For Quebec, this was totally unacceptable, and one of the reasons Quebec refused to accept the legitimacy of the Constitution Act, 1982. It also contributed to the near victory of the Quebec separatists in the 1995 referendum, in which the anti-separation vote won by less than two per cent, with a final tally of 51 per cent to 49 per cent.

Panicked at the prospect of losing Quebec, Liberal Prime Minister Jean Chretien promised Quebecers that he would restore Quebec's constitutional veto if they would vote against separation. He kept his promise. The Chretien government enacted the Regional Veto Act. This law designates Ontario, Quebec and British Columbia as regions and gives each one a unilateral veto. What about Alberta? It is grouped with Saskatchewan and Manitoba as one of the three provinces in the Prairie region. Quebec has regained its constitutional veto, and the three Prairie provinces are just a combined region.

Section 35: Aboriginal rights

A third important Lougheed achievement was to place clear limits on the meaning of Aboriginal and treaty rights in section 35 of the Constitution Act. When Trudeau included this section in the first draft of his proposed Constitution Act, it was strongly opposed by the western premiers. As a result, it was deleted completely from the second draft. After further negotiations, it was re-inserted but with the restrictive wording "existing aboriginal and treaty rights."

Lougheed and the other western provinces insisted on this new wording, because they wanted to limit the recognition of Aboriginal and treaty rights to those in effect at the time. This meant that section 35 could have no retroactive effect. The western premiers did not want to give the courts a blank check to start creating new rights, such as new restrictions on provincial policies and laws. The restrictive intent of this qualification was so clear that three of the four major Canadian Indigenous groups opposed it.

Only two years later, despite an undisputed record of over 100 years of government regulation of First Nations fishing on the Fraser River, the Supreme Court ruled that there was still an unextinguished Aboriginal right to fish there. The Court tried to justify it by asserting that section 35 invokes “the honour of the Crown,” which then imposes a fiduciary obligation on all governments to meet this duty.

The Court’s definition of “existing” sparked what has been described as “a virtual revolution ... a sea change in Canadian law.” It has played an important role in successful attempts by Indigenous groups to block or delay subsequent energy pipelines to the West Coast, such as Trans Mountain and Northern Gateway. And in 2025, a B.C. Supreme Court judge released an 863-page ruling that declared 800 acres in the city of Richmond belong to the Cowichan Tribes and affected homeowners’ property titles are “defective and invalid.”

Rather than protecting provincial policies and laws that existed prior to 1982, judicial (mis)interpretation of section 35 has turned it into a legal launching pad for hundreds of successful challenges from Indigenous groups—most of which are funded by the federal government. Bottom line: another one of Lougheed’s most significant achievements has been erased by federally appointed judges.

Section 33: The Notwithstanding clause

The fourth of Lougheed’s constitutional achievements was the section 33 – Notwithstanding clause. It gives both the federal Parliament and every provincial legislature the constitutional power to declare that one of their laws “shall operate notwithstanding a provision included in section 2 or sections 7 to 15 of this Charter.” This allows both levels of government to exempt a law from any judicial declaration of invalidity arising under these designated sections of the Charter.

In Trudeau’s original draft of the Charter, there was no section 33. It would have given the Supreme Court an American-style judicial veto over not only federal laws but also provincial laws and policies. For this reason, Lougheed and the other western premiers opposed it. The Notwithstanding clause was added only after Lougheed and the Gang of Eight provinces made it clear that they would not accept the proposed Charter without it. Lougheed subsequently explained their reasoning and their purpose: “We did not [want] to be in a position where public policy was being dictated or determined by non-elected people (Lougheed, 1988).”



Outside of Quebec, the Notwithstanding clause was little used in the first three decades after the adoption of the Charter. In the past decade, however, there has been a resurgence in the provincial use of the Notwithstanding clause. Section 33 has been used in 10 different provincial laws since 2018—not just by Quebec but also by Ontario, Saskatchewan and Alberta. This resurgence has been described as part of a new “conservative provincial rights movement (Sigalet and Snow, 2025).”

Prime Minister Mark Carney’s Liberal government has now intervened in the pending Bill 21 case from Quebec and asked the Supreme Court to impose restrictions on when and how a government (read: provincial government) can use the Notwithstanding clause. They have asked the Court to rule that the pre-emptive use of the Notwithstanding clause is unconstitutional. Ontario, Alberta and Saskatchewan have all intervened to support Quebec on this issue.

If the Court rules in favour of the Liberal government, they will have effectively amended section 33 to mean something very different than what everyone understood it to mean in 1982. For the Court to impose any new restrictions on the use of the Notwithstanding clause would be precisely the abuse of judicial review that section 33 was designed to prevent. Legal commentators are already predicting that an adverse ruling against the provinces could “inflame separatism” not just in Quebec but also in Alberta (Patrick, 2025). The Court is expected to hand down a decision in the fall of 2026.

Senate reform

Last but not least has been the complete defeat of the triple-E Senate reform movement. While not a Lougheed initiative, an elected, effective and equal Canadian Senate was a central policy of the Reform Party. Advocates argued that an elected, more equal Senate would provide smaller provinces, like Alberta and Saskatchewan, with a more effective way to defend their regional interests, like other federal states, such as Australia and the United States.

Beginning in the late 1980s, Alberta has held five Senate elections and elected 14 senators-elect. Between 2006 and 2015, Prime Minister Stephen Harper, himself an Albertan, appointed four of them to the Senate. But the Liberal prime ministers before and after Harper have completely ignored the results of the Alberta Senate elections.

As prime minister, Harper also introduced legislation (Bill C-7/2013) that would allow—but not require—future prime ministers to appoint senators who won Senate elections in other provinces. But before it was even enacted, the Supreme Court struck it down as unconstitutional. The Court declared that the federal government could not legislate non-binding, consultative elections for selecting senators without the consent of at least seven of the 10 provinces. The Court's ruling, combined with the restoration of Quebec's constitutional veto power, has made future Senate reform virtually impossible.

To conclude: the reversals of the four major Lougheed achievements, plus the demise of Senate reform, are all constitutional losses. Constitutional losses are deeper and more enduring than policy losses. Harmful federal policies can be repealed by a new federal government. Constitutional losses cannot be.

Explanation

The political vulnerability of Alberta to harmful federal policies is not just the consequence of being on the losing side in eight of the last 11 federal elections. A deeper analysis suggests that it is the predictable consequence of two structural defects in Canada's political system. The first is the loss of equilibrium between Canada's economy and its political institutions. For large federal democracies to remain politically stable, there must be a rough equilibrium between the country's economy and its political institutions. In postwar Canada, this has been lost.

Historically, the preferred political status enjoyed by Ontario and Quebec had some logic. From 1867 to the end of the Second World War, they dwarfed the other provinces both economically and demographically. But even though Canada's economic reality has changed, its institutions have not.

The West's postwar self-assertion in national politics has been driven by the new economic strength of Alberta and British Columbia, and more recently, Saskatchewan. At the end of the Second World War, the combined populations of British Columbia and Alberta were only half that of Quebec's. Today, their combined populations—five million and four million, respectively—are almost one million greater than Quebec. With Saskatchewan, that number grows to over two million.



Economically, the change has been even more dramatic. As recently as 1961, the combined provincial GDPs of Alberta and British Columbia were only half that of Quebec. Today, they are 46 per cent greater than Quebec's.

The second structural defect in Canada's political system is the representation by population (rep by pop) electoral system. When combined with the asymmetry between size and wealth, this system invites federal political parties to try to win elections by promising policies that transfer wealth from the energy-rich, voter-poor western provinces to the energy-poor but voter-rich central provinces. Historically, this has typically been the political strategy of the Liberal Party.

At 122 and 78 respectively, Ontario and Quebec together have 200 members of Parliament (MPs), well over the 172 seats required to form a majority government. In the absence of effective regional representation in an elected and equal Senate, the interests of the less populated provinces are always at risk of being marginalized. But the same defect shapes the electoral strategies of Conservative parties. Their typical base in Western Canada does not have enough MPs to form a majority government, so they too must be attentive to the central Canadian interests.

The Liberal version of this strategy was memorably summarized by Keith Davey, Pierre Trudeau's campaign strategist for the 1980 federal election: "Screw the West. We'll take the rest." The Liberals formed a majority government without winning a single seat in the West. They then implemented the now infamous National Energy Program (NEP), which, over the next four years, drained over \$70 billion out of Alberta, most of which went to Ontario and Quebec, the Liberals' political base.

Thirty-five years later, in 2015, Justin Trudeau and the Liberals won another majority government with virtually no representation from Alberta (four MPs) and Saskatchewan (one MP). In the 2019 election, after four years of climate change policies and pipeline politics, the regional discrepancy became even greater. The Liberals again did not win a single seat in Alberta or Saskatchewan but were kept in power by winning 72 per cent of their seats in Ontario and Quebec.

Conclusion

To conclude, the West's postwar economic and demographic ascendancy has not been matched by a corresponding increase in political influence. Indeed, the opposite has been the case. For 50 of the past 60 years, the prime minister of Canada has been a Quebecer. Since 2007, Quebec has been the net recipient of \$429 billion in various federal transfer programs (Hill and Li, 2026). Quebec now receives two out of every three dollars in the federal equalization program. The constitutional veto Quebec lost in the Constitution Act, 1982 has been restored by the 1996 Regional Veto Act. Its preferred status in both the Supreme Court (a legal guarantee of three justices) and the Senate (one-quarter of all Senators) has been effectively made permanent by the Supreme Court's decisions. In effect, the weaker Quebec has become economically, the more powerful it has become politically.

Alberta's fate has been the opposite of Quebec's. The more Alberta has contributed financially, the less it has received politically. Since 1961, Ottawa has taken a net \$631 billion out of Alberta (Mansell, Khanal and Tombe, 2020). This figure is the difference between what Albertans pay to Ottawa annually and what they receive in return. More recently, since 2007, the total amount has been a net \$322 billion. In just the past 10 years, the average annual net transfer out of Alberta has been \$16 billion a year, including several years of which the Alberta government had multi-billion-dollar budget deficits (Hill and Li, 2026). Western Canada's decades-long quest for an elected, more equal, effective Senate has been killed by the Supreme Court. And Peter Lougheed's four most important constitutional victories of the 1980s have been effectively reversed.

So, many Albertans are asking themselves, "Do we want the next 40 years to be like the last 40 years? And if not, then what do we need to do?" For those who know the facts, the answer to the first questions is easy. The answer to the second is not.

To a growing number of Albertans, this ledger of policy and constitutional defeats has become increasingly unacceptable. For some, the answer is to leave; to secede from Canada. And given the record, this is not an unreasonable answer. But leaving would have its own risks and costs,



many of which are almost impossible to know in advance. For this reason—and also out of loyalty to Canada’s history and legacy—many others reject secession and would choose to continue to work for reforms to the status quo.

Alberta is at a political crossroads. The departure of former prime minister Justin Trudeau has given many Albertans hope that we have turned the page on anti-oil-and-gas, anti-Western Canada federal policies of the past decade. The U.S.-Iran war has served as a harsh reminder that energy security is a more immediate priority than climate change (Morton, 2015).

In answer to the question posed at the beginning of this paper, is Alberta better off today than it was 40 years ago? The answer is not encouraging, but the opportunities are present to change the course. Canada’s friends and allies want what Alberta has. And we now have a prime minister who understands economics. The very public dialogue between Prime Minister Carney and Premier Danielle Smith has been a welcome change. It is not unreasonable to give them the benefit of the doubt, at least for now. But before much longer, action needs to replace words. Hopefully, the Carney government will come to understand and embrace Lougheed’s oft repeated challenge: a strong and prosperous Alberta makes for a strong and prosperous Canada.

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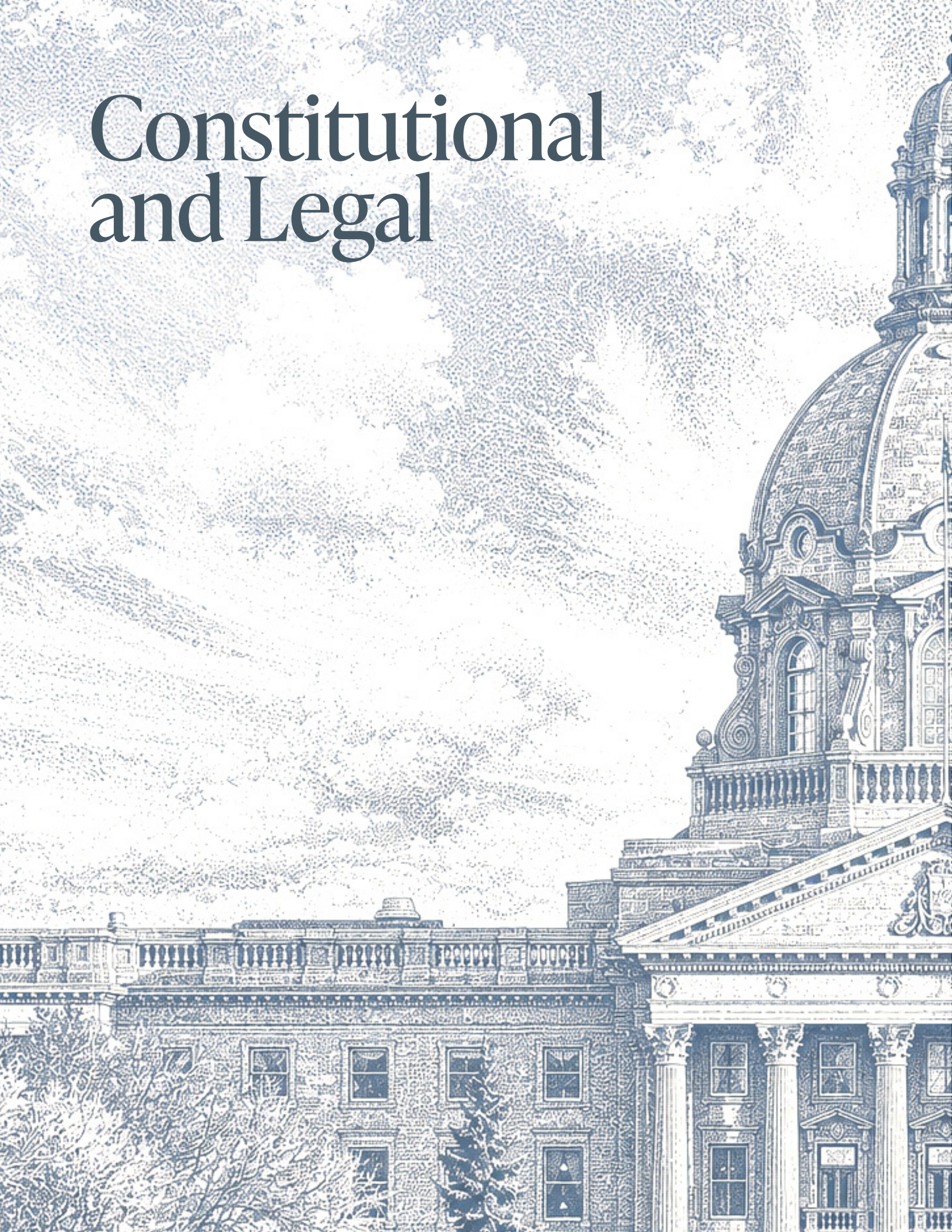
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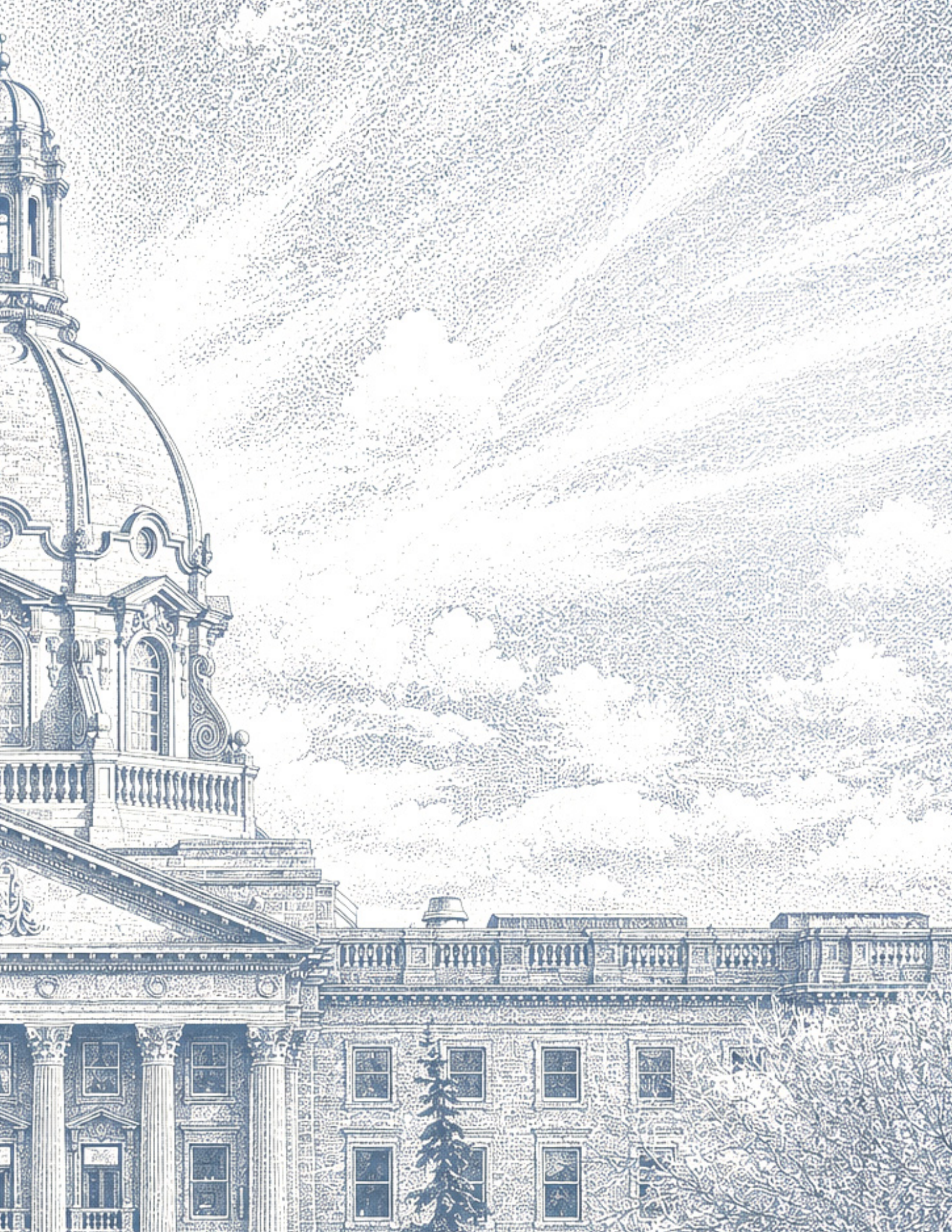
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Constitutional and Legal







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Canadian constitutional law and Alberta separation

I. Introduction

The object of this paper is to outline how law guides processes associated with any future Alberta secession referendum and move toward separation. In particular, the paper is considering the implications of Canadian constitutional law, which includes more general constitutional rules bearing on the issue, constitutional rights held by Canadians generally and Indigenous rights protected within the Canadian constitutional order. To some degree, Canadian constitutional law ends up interacting with international law, so the paper also considers some of those interactions.

The paper takes an objective approach and sets out legal considerations pertinent for those considering secession. It highlights a number of implications arising in the event of secession, which also has implications for steps that all sides of the Alberta secession issue may wish to take in advance of any referendum. The concluding section of this paper tries to draw together those implications. However, to reach and understand the implications, we need to consider the underlying law.

By way of context, some countries in the world simply do not permit secession within their constitutional frameworks and consider themselves indivisible. If regions separate from those countries, they would need to do so in defiance of the constitutional order (and possibly face military responses) in the hopes of gaining international recognition. Some other countries have explicit text in their constitutions permitting and providing processes for secession. The latter have a sort of “constitutional pre-nup.” Canada sometimes gets grouped with the latter countries, but that is not because of any text on secession in the Canadian constitution. Rather, constitutional law on secession in Canada has developed through judicial interpretation of what broader characteristics or principles of the Canadian

Constitution would imply on this topic. As a result, Part II of this paper commences with the leading case on secession from the Supreme Court of Canada, showing that it has significant implications.

Part III turns to what implications there may be for secession from some lower court cases on the Canadian Charter of Rights and Freedoms and on Indigenous rights, interrogating whether rights claims can really affect a process of secession.

Part IV analyzes whether international recognition of a seceding province is a route around complying with the constitutional law rules, showing that compliance or non-compliance with constitutional expectations affects the position of each side.

Part V draws together the legal position and highlights how it leads to significant implications that may constrain what can be achieved through secession and demand extensive preparation by both those proposing and those opposing secession in the context of Alberta.

II. The 1998 Secession Reference and Canadian constitutional law on secession

Canadian constitutional law on the secession of a province is nuanced and not to be understood through one simple statement. Anyone thinking about it must understand that there is a nuanced legal framework on the question.

That framework is set out in the important 1998 decision of the Supreme Court of Canada in the *Reference re Secession of Quebec*, often called the *Secession Reference*.¹

The Canadian courts often engage with reference questions on constitutional law questions, meaning that they are responding to legal questions put to them by the attorney general of Canada (in the case of the Supreme Court of Canada) or of a province (in the case of a provincial Court of Appeal). The decision in the *Secession Reference* was in response to legal questions sent to the Supreme Court of Canada by

¹ *Reference re Secession of Quebec*, [1998] 2 S.C.R. 217. The paper proceeds on the assumption that the *Secession Reference* represents settled law. The Supreme Court of Canada's unfortunately too frequent tendencies to depart quickly from its own past judgments are a complicating factor on this assumption, as are suggestions sometimes made that the decision was something of a one-off pronouncement particular to its circumstances, those being questions about Quebec secession as considered in the 1990s. These complicating factors introduce some additional notes of uncertainty related to the constitutional path on secession, but they are meaningfully secondary to other aspects of uncertainty on that path that the paper will discuss. As long as we assume that Canadian constitutional law would follow rules something like those in the *Secession Reference*, the rest of the paper follows.



the attorney general of Canada shortly after the 1995 Quebec secession referendum. The federal government sought to clarify the legal rules surrounding secession, with a reference to the Supreme Court of Canada to determine existing constitutional rules as the first step in that process.

As interpreted by the Supreme Court of Canada in the Secession Reference, Canadian constitutional law permits provinces to separate.² That is significant and is not the case in every country or even every federation.

The Court's reasoning on this point, as on others in the judgment, flows from its analysis of the overriding principles that are present within the structure of the Canadian Constitution and that must be understood as being there to make sense of the constitutional text. The four principles pertinent within the case—federalism; democracy; constitutionalism and the rule of law; and respect for minorities—together guide the Court to an interpretation of constitutional rules that permit secession but also regulate it.

Second, the statement that the Canadian Constitution permits secession must then be qualified. As also explained in the Secession Reference, there is not a free-standing constitutional right to separate on already defined terms. The constitutional route to separation under Canadian constitutional law is via a negotiated constitutional amendment.³

In sections 38 through 45 of the Constitution Act, 1982, Canada has several different constitutional amendment formulae that require agreement from differing numbers of provinces for different kinds of constitutional amendments. The Secession Reference does not speak directly to which constitutional amendment formula applies in the context of secession by a province. In one sense, the required formula would depend on what exactly was being amended.⁴

² *Ibid.* at para. 85 ("It lies within the power of the people of Canada, acting through their various governments duly elected and recognized under the Constitution, to effect whatever constitutional arrangements are desired within Canadian territory, including, should it be so desired, the secession of Quebec from Canada.")

³ *Ibid.* at para. 84 ("The secession of a province from Canada must be considered, in legal terms, to require an amendment to the Constitution, which perforce requires negotiation").

⁴ The different amending formula in sections 38 through 45 of the *Constitution Act, 1982* apply to different types of changes, as set out in more detail in those sections.

There is more that could be discussed here,⁵ but for purposes of the paper, the assumption is that the ultimate amendment would require approval by all provinces. While the federal government might take the lead in negotiations with a seceding Alberta, the ultimate amendment would require unanimous support by all the provinces. That unanimity could prove very difficult to achieve, a factor that will return occasionally throughout the discussion.

Third, there is some legal guidance on the negotiations prescribed as necessary by the Supreme Court of Canada. Part of this guidance is on process. The Court is clear that a seceding province “could not purport to invoke a right of self-determination such as to dictate the terms of a proposed secession to the other parties” (para. 91). At the same time, the Court is also clear that other participants in the federation cannot simply ignore or reject a decision by a province to secede. All participants in the federation are expected to negotiate in good faith.

If the provinces do not negotiate in good faith, there may be consequences for their position. The Supreme Court of Canada puts it this way: “Refusal of a party to conduct negotiations in a manner consistent with constitutional principles and values would seriously put at risk the legitimacy of that party’s assertion of its rights” (para. 95). While the decision does not indicate that parties could come back to the Court for remedies, that possibility might exist. Nonetheless, given the difficulties of fully judging whether a province is negotiating in good faith, there is a real possibility that a deal might not be reached on an amendment. The paper will return to possible consequences of that scenario later.

Apart from process, the Secession Reference also gives some indications of likely necessary contents of the negotiations arising from a province’s expressed desire to secede. The judgment contains a passage at para. 96 worth quoting at length:

⁵ Some might argue that a different amendment formula applies, such as the general amending formula based on seven provinces with at least 50 per cent of the population or even the bilateral amending formula for changes to the Constitution of Canada that affect just one province and that can then be used through a resolution passed by just the federal Parliament and the provincial Legislature. However, secession affects the federation as a whole, so that last possibility seems questionable from the outset. Moreover, the changes involved in secession would seem to include matters within the list in section 41 (which includes matters like changes to rights of a province to representation in the House of Commons, amendments to the office of lieutenant-governor in a province, and amendments to the amending formula itself, all of which would seem to have to change in the context of a secession). As a result, it seems most plausible that the formula requiring unanimous consent by the federal Parliament and all provincial Legislatures is that which applies. In this context, it is irrelevant that the federal Parliament purported to bind itself through legislation not long after the Secession Reference such that in votes on constitutional amendments it effectively creates regional vetoes. Those do not mark any heightened requirement because the amendment will need unanimous consent.



Negotiations following a referendum vote in favour of seeking secession would inevitably address a wide range of issues, many of great import. After 131 years of Confederation, there exists, inevitably, a high level of integration in economic, political and social institutions across Canada. The vision of those who brought about Confederation was to create a unified country, not a loose alliance of autonomous provinces. Accordingly, while there are regional economic interests, which sometimes coincide with provincial boundaries, there are also national interests and enterprises (both public and private) that would face potential dismemberment. There is a national economy and a national debt. Arguments were raised before us regarding boundary issues. There are linguistic and cultural minorities, including aboriginal peoples, unevenly distributed across the country who look to the Constitution of Canada for the protection of their rights.

This paragraph does not purport to set out a complete list of matters to be negotiated. Rather, it provides some indication of the kinds of existing relationships within the federation that give rise to matters that would need to be negotiated in a secession scenario. Extracting slightly from the passage, these would include:

- Unravelling various existing economic arrangements
- Dividing the national debt (as well as other programs, such as pension schemes) and resolving any questions about dividing national assets, including Crown corporations
- Allocating nationally owned properties (including First Nations reserves, federal military lands, lands owned by federal Crown corporations or government departments and the national parks)
- Deciding any issues related to the boundaries of Alberta (arising, for example, from the existence of national parks along significant parts of the western boundary and a large national park on the northern boundary)
- Deciding whether any parts of the province with strong views against secession could remain in Canada and how to deal with the resulting boundary issue

- Clarifying the status of francophone Albertans and French-language rights in Alberta after secession
- Addressing issues related to Indigenous Peoples in Alberta

Again, these issues do not represent a full list but simply an extraction of issues already enumerated by the Supreme Court of Canada. There would, of course, be many more issues on how to split up the relationships that have existed throughout the period of the federation.

In fairness to the obligation to negotiate in good faith with the seceding province, it would be appropriate to see some issues as necessary to the secession itself and then other, separate issues arising for the remaining parts of Canada on what arrangements they would now make amongst themselves. The latter would probably also require constitutional amendments, but a seceding province cannot be responsible for sorting out all the issues of those that remain. The negotiations with a seceding Alberta would be about reaching fair terms on the secession, and those would need to be separated from other negotiations that would take place amongst those remaining in the federation, which would likely then need some further amendments.

In sum, the Secession Reference says that Canadian constitutional law does not prohibit secession but requires that it be achieved through the standard process of constitutional amendment, as guided by norms attaching to the conduct of participants. A clear vote and decision by Alberta to secede would trigger an obligation by other parties to the federation to enter into good faith negotiations with Alberta to resolve the resulting issues. However, there is no guarantee as to what comes from these negotiations and whether the agreement of all provinces could be attained to any particular approach. If a path were found through the complex negotiations to obtain an agreement, then the Secession Reference seemingly provides a constitutionally permitted path to secession.

The next part (Part III) considers whether further legal constraints have now developed, although it tends to suggest they have not. If agreement were not obtained, or if there are further legal constraints that were not met, then different consequences follow, something to animate aspects of Part IV of the paper.



III. Further legal constraints on secession arising from effects on rights?

Apart from the Secession Reference, there have been some legal challenges to secession whose implications for the law of secession warrants analysis. These challenges have focused on the effect of secession on existing rights, whether Charter rights in the earlier litigation of this form or Indigenous rights in the more recent litigation. It is important to consider whether the impact of secession on existing rights held by citizens or by Indigenous Peoples generates additional legal constraints beyond those set out as the constitutional rules in the Secession Reference.

Prior to the Secession Reference going to the Supreme Court of Canada, a Quebec case had attempted to have the courts prevent the Government of Quebec from holding secession referenda. In 1995, in the *Bertrand* case, the Quebec Superior Court declared that secession would have the potential to infringe on Charter rights but declined to issue a court order stopping in the 1995 referendum.⁶ In 1996, the plaintiff in that case started pursuing further legal action to try to get a permanent injunction on referenda. The federal government's Secession Reference was partly a response to this litigation.

The 1995 decision that issued a declaration that secession had the potential to infringe on the litigant's Charter rights highlights some of the challenges of moving from one constitutional order to another. However, where the Supreme Court of Canada ultimately ended up was that the issue of secession was one of constitutional amendment. It is possible to amend Charter rights via the amending formulae. As a result, Charter rights cannot be an inherent barrier to secession accomplished via these amending formulae.

With that matter seemingly silenced, the new rights-based argument on secession that some will have noted recently in the Alberta context is that secession is constrained because of its effects on Indigenous rights. There is active litigation ongoing about this issue now from challenges launched by several First Nations. Two of the decisions already rendered stand out as potentially important.

⁶ *Bertrand v. Québec (Procureur general)*, [1995] RJQ 2500, 127 DLR (4th) 408 (Que. S.C.)

In December 2025, amongst other determinations in the Sylvestre case,⁷ Justice Colin C.J. Feasby of the Alberta Court of King's Bench held that there were potentially challenging issues coming out of the fact that the historic numbered treaties cross provincial borders. The imposition of an international border right across a treaty area could interfere with treaty rights, although he could not exclude that the issues could be resolved through negotiations.

In May 2026, Justice Shaina C. Leonard of the Alberta Court of King's Bench held that the process related to the referendum as then planned could not proceed, in part based on the fact that there had not been consultation with rights-holding Indigenous communities about the potential impact on their rights.⁸ That decision is now under appeal, and there may be real prospects for that appeal. To stand by the decision would say that the duty to consult can constrain the collection of views from the Alberta population on an important issue, which seems to put the duty to consult in major tension with democratic principles.⁹ While that appeal is ongoing, the October 2026 referendum has become a referendum about whether to hold a referendum, with the potential then to carry out consultation in advance of that second referendum.

Constitutionalized Charter rights and Indigenous rights cannot override the amending formulae of the Constitution, or one would be saying that one part of the Constitution is unconstitutional according to another part of the Constitution. Constitutional law can put only a limited significance on these rights-based claims. That might yet include some modified forms of consultation that are not in tension with democratic principles. And it certainly does include the participation of Indigenous Peoples in the discussions about the constitutional amendment that would be necessary for secession.

Indeed, there is already a constitutional provision about such participation that sought to indirectly modify the amending formulae (it was not passed in accordance with the amending formula applicable to the amending formulae, as it did not receive support from all provinces, so it did not actually amend the amending formulae). That provision,

⁷ *Chief Electoral Officer of Alberta v. Sylvestre*, 2025 ABKB 712.

⁸ *Athabasca Chipewyan First Nation v. Alberta* (Chief Electoral Officer), 2026 ABKB 375.

⁹ See also Dwight Newman, "Judge far too quick to toss out separation petition with 300K signatures: Indigenous rights claims do not automatically outweigh broader democratic principles", *National Post* (14 May 2026).



section 35.1, says that there is commitment to the principle of involving Indigenous representatives in a constitutional conference concerning any constitutional amendment that would affect parts of the Constitution about Indigenous rights or jurisdiction. Today, they might go farther in the form of that conference, but there is in any event a constitutional provision on it.

IV. Why the constitutional process nonetheless affects secession outside the constitutional process

While constitutional law will always demand that a seceding province carry out its secession in accordance with constitutional law, a seceding province is in some ways declaring itself outside the Canadian Constitution, and some might then ask why it would follow Canadian constitutional law. An extra-constitutional secession, though, would still be affected by Canadian constitutional law.

For a country to function, it must exist on the international plane as what international law prefers to call a “state.” On widely recognized criteria, contained in a document called the Montevideo Convention (1933), there are four criteria for statehood: a permanent population; a defined territory; an effective government; and the capacity for relations with other states. There have been long-standing debates in international law about whether other states must recognize a state based on meeting these four criteria or if their discretionary decisions about recognizing the state shape whether it meets them. At a practical level, though, a purported new state needs international recognition to function.

International recognition will be affected by perceptions of legitimacy, including by whether a potential new state has attempted to follow appropriate constitutional rules on secession and has sought to protect rights of individuals and groups. As a result, whether different parties within negotiations on a constitutional secession of Alberta negotiated in good faith could be an issue not just for the Supreme Court of Canada but for the international community. If one side were seen as not negotiating in good faith, that would be worse for its cause and might increase support or opposition to recognizing the potentially independent state.

Even if negotiations broke down, Alberta might achieve independence extra-constitutionally if it were perceived to have done everything right.

How Alberta would deal with individual rights and Indigenous rights could matter here, no matter what Canadian constitutional law cases ended up concluding. What would matter then was the overall perception in the international community of the legitimacy of the secession, which would be affected by how Alberta was engaging on rights questions. Thus, even if case law imposing constitutional consequences on secession from Indigenous rights does not hold up, it will matter in the international arena how Alberta is perceived as engaging with Indigenous rights questions.

These processes are not necessarily quick. While seceding entities have sometimes attained recognition by many states rapidly, other situations have seen seceding entities basically functioning as separate for years or decades while attracting only limited numbers of recognitions from other states. They are then hamstrung during that period in terms of full effectiveness internationally.

While this paper was tasked with setting out basic constitutional law doctrine on secession, it is thus important to flag effects in the international arena that may be partly connected with the constitutional law conclusions.

V. Implications and conclusions

Canada's constitutional law does permit secession but under a nuanced set of rules that say secession must take place via a valid constitutional amendment. Other actors in the federation are under an obligation to negotiate in good faith with a province that has expressed its clear wish to secede, and it is under an obligation to negotiate in good faith with them. Though there have been some unresolved arguments about the impact of different rights on secession processes, there are few other rules, and the main law seems capable of taking priority over these other considerations simply by focusing attention back to the amending formulae.

If Alberta were to move toward secession, there would be no easy process. There would be very difficult negotiations over an extended time frame that would affect both the matter of getting to a constitutionally



permitted secession and the backup possibility of an extra-constitutional secession. That backup possibility would also be affected by international perceptions of legitimacy shaped partly by the constitutional processes in Canada.

Two major implications result. First, what can be achieved by secession is not as clear as some might say. It depends significantly on years of negotiation efforts on a wide range of topics. And that statement applies to both a constitutionally permitted secession and to an extra-constitutional secession. There is unlikely to be a quick secession. It is unlikely to be easy. It is likely to be highly complex. And it is likely to attain at least some different results than proponents may envision.

Second, if there are real possibilities of moving toward secession, it is necessary to have contingency plans in place in terms of negotiation teams that are ready to engage with the wide variety of topics that would need to be settled. There would need to be many people involved with the complex array of topics at issue, and there would need to be some development of the appropriate mandates for those carrying out the negotiations. To some degree, every government in Canada needs to be thinking about these contingency plans. But the Alberta government and the federal government, especially, need to ensure that they have mechanisms in place to rapidly put together the negotiating teams that would become necessary.

In a context differing from that of Quebec having pursued a referendum while having a specifically pro-secession government in place, proponents of Alberta secession should be thinking about how they envision Alberta doing that and what role they have to play in ensuring that it is in place. That said, the October 2026 referendum's status as simply a referendum about holding a future referendum offers an opportunity to have significant pre-warning of whether there will be a future secession referendum.

Secession is legally complex. Those contemplating it need to consider these complexities and offer clear and cogent explanations on how they would deal with them. Albertans voting on secession deserve no less.



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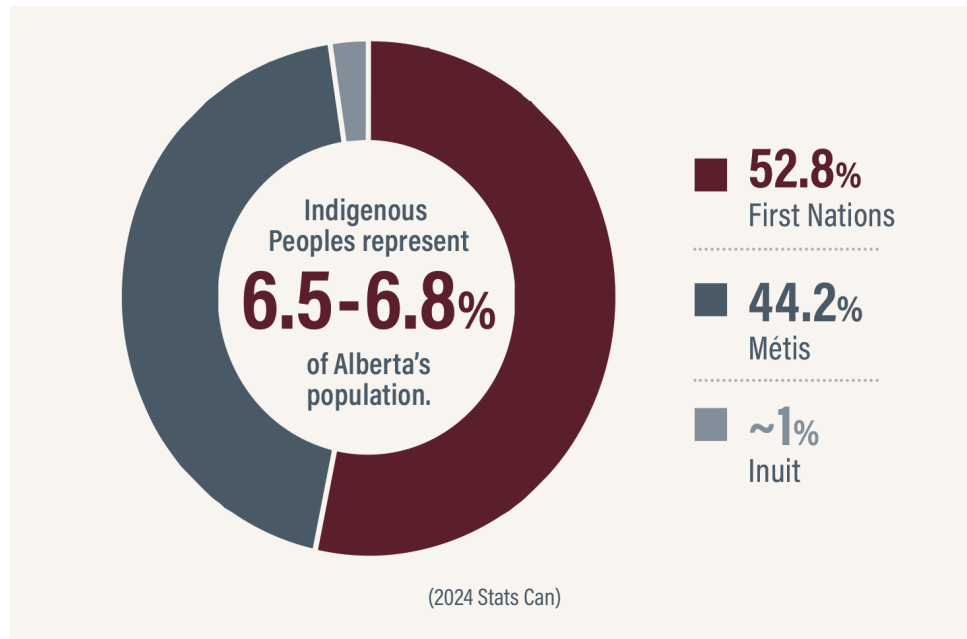
Indigenous Peoples and a self-governed Alberta

On October 19, 2026, Albertans will be asked to vote on whether they wish to remain in Canada or secede from it. The result of the vote will be non-binding. If the separatist option succeeds, however, there may be a second referendum that would be binding and would commit the provincial government (or require the provincial government to commit) to formal, legally binding negotiations for the secession of Alberta from Canada.

What would Albertans need to know?

Alberta is a province within a complex constitutional order that includes not only the federal and provincial governments, but also Indigenous governments. Some Albertans think Ottawa is a problem, and by leaving, problems can be better addressed. What is not well known is that Indigenous Peoples also have governments here, and they have constitutional rights and protections that would make any negotiation of a separate Alberta not only complex, but very difficult.

The federal government has already legislated several key conditions that would have to be addressed if a province wished to secede from Canada and had the support of its electorate to do so. Among other things, the federal Clarity Act of 2000, passed after the 1995 Quebec referendum result, which was close but failed, identifies the need to ensure that the constitutional and legal protections afforded Indigenous Peoples not be affected. Indigenous Peoples would be part of the discussion, and their consent would be required should there be any proposal for change.



In view of this, it might be useful to review some of the constitutional and policy history of Indigenous Peoples in Canada as background. Firstly, Indigenous Peoples are a minority group in Canadian society, about seven per cent of the total national population. In Alberta, they constitute about 6.5 to 6.8 per cent of the provincial population. Of that total, First Nations comprise 52.8 per cent; Métis, 44.2 per cent; and Inuit at about one per cent (2024 Stats Can).

The main focus in the following discussion will be primarily on First Nations as they are the largest group of Indigenous Peoples, and they have been the responsibility of the central governmental authority since colonial times.

The discussion will raise questions in key areas such as First Nations' land issues, economic development and international reaction concerning the rights of Indigenous Peoples in Canada. The story is relevant because it involves people who tolerated years of government paternalism and neglect but found their voice and continue to press for recognition of their place within the Canadian federation. And so far, that process has taken more than 50 years of nation-building for themselves, and, in turn, for Canada. Let's look at some of the milestones.

Where do we start?

The Royal Proclamation of 1763 was the first document to provide the broad guidelines for Crown-First Nations relations. It was issued by King George III of England after the colonial wars in North America. At the time, it was intended to establish an administrative system for newly acquired British territories and to set out land policies for First Nations. Today, it is considered a central feature of First Nations self-government as will be discussed below.

For the western territories, negotiation of the numbered treaties also took place during the colonial period: Treaty 6 (1876); Treaty 7 (1877) and Treaty 8 (1899). Like the Royal Proclamation, the treaties were negotiated between representatives of the Crown and representatives of First Nations within designated areas of land. These treaties and the treaty processes were also recognized for their substance relating to the land and its resources. The fact that Alberta did not become a province until 1905 meant these treaties established the basis for a government-to-government relationship between the Crown and First Nations with no intermediary.

In actual fact, colonial policy towards First Nations was one of paternalism, wardship and alienation of lands. At Confederation in 1867, the federal government assumed responsibility for “Indians and lands reserved for Indians” in Section 91(24) of the British North America Act, 1867. Inuit were added to this in 1939. The legislative regime supported a reserve system, a concept of wardship and fiduciary responsibility on the part of the state. This regime touched on every aspect of First Nations life.

No attempt was made to change this quasi-colonial relationship between the federal government and First Nations until after the Second World War. Gradually, the federal government began to pursue a policy of decolonization, which implicitly would support assimilation. Public hearings and studies were undertaken from time to time, but First Nations chose not to respond to any initiatives that the federal government took to consult with the client. It is worth mentioning, however, that one positive development in this period was federal legislation introduced in 1960 that granted First Nations the right to vote in federal elections.

What caused federal policy to change?

Matters came to a head in 1969. A majority Liberal federal government was elected the year before on an ambitious political platform of a “Just Society” for all. Major policy reviews, planning processes and public consultation in key policy areas were put forward. Public participation was encouraged, and government white papers were one of the techniques they used to consult the public. These proposals could be changed if better ideas were brought forward, and eventually, several white papers were published.

The Statement of the Government on Indian Policy, 1969 (The White Paper, 1969) was released on June 25, 1969. Emphasizing a theme of equality, the government proposed sweeping reforms that would lead to the assimilation of First Nations into Canadian society. Among other things, it proposed the following:

- The Indian Act be repealed
- Reserve lands be transferred to First Nations
- The federal department of Indian Affairs be wound up
- First Nations program responsibility be transferred to the provinces

On June 26, 1969, the National Indian Brotherhood (the forerunner of the Assembly of First Nations) issued a press release that expressed its disappointment in and their rejection of the federal proposals. In its view, the policy, if accepted by First Nations, would amount to a willing acceptance of cultural genocide. And the National Indian Brotherhood could not accept that.

Over the following months, opposition from First Nations began to grow, especially from provincial associations and local communities. First Nations were finding their voice. Federal funding to national and provincial First Nation organizations was helping First Nations build a capacity to participate in discussions with the federal government.

One of the most vocal opponents of the government’s proposals was Harold Cardinal, elected President of the Alberta Indian Association. Part of his response was to write and publish a book in 1970, which he entitled *The Unjust Society*. It not only criticized the government’s White Paper proposals but also set out recommendations for changes to federal policy that would recognize and respect First Nations’ culture.



Cardinal's commentary became the basis for the Red Paper, entitled *Citizens Plus*, which was presented formally to the federal government in June 1970. A delegation of more than 300 Chiefs was present. It wasn't until March 1971 that the Government of Canada formally withdrew its White Paper proposals. What has followed since that time has been a shift of 180 degrees in the direction of federal (and provincial) policy. And there is no evidence to suggest this will change.

What kind of changes have taken place?

Within 10 years, lobbying by national Indigenous organizations, especially the Assembly of First Nations, resulted in the inclusion of sections 25 and 35 in the Constitution Act, 1982. Section 25 provides guarantees for certain Aboriginal and treaty rights and freedoms that were recognized in the Royal Proclamation of 1763 as well as any rights and freedoms acquired by way of land claims settlement. Section 35 defines Aboriginal Peoples as Indian, Métis and Inuit and recognizes existing Aboriginal and treaty rights.

This major accomplishment was followed by four First Ministers' Conferences on Aboriginal Rights held from 1983 to 1987. Indigenous Peoples were represented by the leaders of the national Indigenous organizations who sat at the table with the prime minister and provincial premiers. Although efforts to gain agreement to the inclusion of the specific words "inherent right to self-government" in section 35 of the Constitution Act 1982 did not succeed, Indigenous groups continued to lobby governments during subsequent efforts at constitutional reform in 1990 and 1992 (which failed). In the period following the First Ministers' Conferences, the federal government focused on developing policies for self-government and specific and comprehensive land claims to address First Nations' concerns.

The next major milestone was the establishment of a Royal Commission on Aboriginal Peoples in 1991. It was part of the federal government's commitments in resolving the Oka Crisis of 1990. The Commission's five-volume report was published in 1996 and represented a complete review of all historical and contemporary issues and developments respecting Indigenous Peoples, especially First Nations.

In the report, the central policy piece for the future of Indigenous self-government was taken from the Royal Proclamation of 1763. It was contended that there were three main tenets established by that document:

- There is an important link between the Crown in England and First Nations in Canada.
- The Proclamation provides the basis for the sovereignty of First Nations government.
- The Proclamation demonstrates and establishes the treaty process as the means of establishing and maintaining nation-to-nation relations.

The federal government took a cautious approach to the Commission's recommendations. Program changes involving transfers of responsibility to the communities combined with significant increases in program spending and attention to past grievances were pursued instead. However, it is interesting to note that, in 2017, the first Minister of Crown-Indigenous Relations was appointed to the federal cabinet. A second minister responsible for Indigenous Services Canada replaced the previous minister and Department of Indian Affairs. It would appear that the nation-to-nation relationship had already arrived.

What issues might be of concern to First Nations should Alberta separate?

The following discussion will look at three issues: land, economic development and international influence as they relate to the self-government goals of First Nations.

A. Land

Land is a central element of First Nations' claims to an inherent right to self-government because it is closely connected to their cultures, traditions, laws and identities. Control over traditional territories is seen as essential for exercising self-government and maintaining First Nations communities. Given the history, it is unlikely that First Nations would be disposed to become a part of an independent Alberta.

Borders, therefore, would become a very significant issue. Internationally, a separate Alberta would establish borders with Montana, British Columbia, Saskatchewan and the Northwest Territories. But what kind



of borders would be established with First Nations within the province? What would the negotiation of borders within a separate Alberta require?

In Alberta, there are 48 First Nations communities (reserves). In addition, there are 134 land parcels which attach to these communities amounting to approximately 1,731,064 acres. All of these areas are on federal Crown land. This means that title rests with the Crown in right of Canada and has been managed by various federal departments, although most communities are now involved in the management of community programs and administration.

These reserves are scattered throughout three main treaty areas. As noted earlier, the treaties were negotiated with representatives of the English Crown before Alberta became a province. These treaties are permanent fixtures, not documents to be set aside for a new set of treaty negotiations. It doesn't take much to imagine certain difficulties in establishing internal boundaries to accommodate First Nations and in ensuring the constitutional protection for their land and treaty rights.

What would the internal boundaries of a separate Alberta look like? At least one observer has commented that a map of a separate Alberta would look like a piece of Swiss cheese and, given the scattered nature of the reserve land holdings, that is not a bad analogy. One could imagine even larger holes should the Métis wish to declare their rights to self-government. Alberta is the only province in Canada to have legislated a land base for Métis people and to have acknowledged the constitutional and legal protection that these lands receive. The Métis Settlement Act (MSA) covers eight Métis communities over some 1.25 million acres. Since 1990, the Métis have held fee simple title to this land and administer and manage it themselves. The MSA was enacted pursuant to section 45 of the Constitution Act, 1982 and forms part of the Constitution of Alberta.

Beyond the question of Indigenous occupied land, there would be the question of the treaty areas and the treaty rights of First Nations. Several levels of concern come to mind. How would existing treaty rights be protected? What kind of agreements might be proposed? Further, it could be expected that there would be ongoing land claims, which, in many cases, involve First Nations seeking to reclaim land from the treaty areas or to resolve long-standing issues from early settlement. Currently, the federal government has a specific land claims policy to address issues

involving the federal Crown. The province of Alberta has a policy of treaty land entitlement which provides the negotiation of issues involving treaty land. It could be expected, if Alberta were to try to separate, there would be intense legal, constitutional and territorial negotiation associated with its efforts to define boundaries.

B. Economic development

A basic policy dilemma that has faced government and Indigenous Peoples themselves is having a minority group with historical roots and constitutional and treaty rights but, who, for most part, are an economically disadvantaged segment of our society. It is interesting that Alberta is home to the richest First Nation (Fort McKay), in Treaty 8, and one of the poorest First Nations (Big Horn 144A), in Treaty 6 area, in Canada.

Access to land and resources is important to First Nations people as a means of providing an economic base for self-government. In many ways, it is a pre-requisite for self-government. Yet, First Nations have often been limited in pursuing opportunities by complex, legal restrictions of the Indian Act. These matters, nevertheless, are being overcome in many areas. As First Nations develop their own economic institutions, their ability to interact with other governments is enhanced. And federal and provincial governments have facilitated First Nations initiatives to expand business opportunities through partnerships with other governments and with the private sector.

Three examples stand out:

- Fort McKay First Nation (Treaty 8) owns and operates the Fort McKay Group of Companies, which cover strategic services, logistics, mechanical services and joint ventures. It is known for its major partnerships with the energy sector and its position at the centre of the Athabasca oil sands. The First Nation has about 900 members, 500 of whom live on reserve. In its 2024-25 budget, total revenue was reported as \$111.8 million of which \$50.6 million was business income. There was a budget surplus of about \$60 million.
- More generally, the natural resource sector is as important an economic base to First Nations as it is to the private sector and the provincial government. Indian Oil and Gas Canada (IOGC) was founded in 1987 by the Chiefs representing the oil and gas



producing First Nations. In Alberta, at least 40 of the 48 communities have oil and gas leases on First Nations lands, which are managed through the IOGC. At least 45 are engaged in the broader provincial energy supply chain, with many active equity partnerships in major production projects. The offices of IOGC are located on the Tsuut'ina Nation west of Calgary (Treaty 7).

- Enoch First Nation (Treaty 6) has developed a growing economy on its land base. In addition to several businesses wholly owned and operated by the First Nation, the River Cree Resort and Casino is a very successful example. It complies with Alberta gaming regulations and pays 30 per cent of its slot fees to the province. In turn, the province uses a portion of the money for a First Nations Development Fund which is a source of equity loans available to other First Nations.

What might be at risk for business ventures like these? The question of whether an independent Alberta would affect the efforts of First Nations communities to engage and advance economic development would be most important. Key issues could include treaty rights, worker mobility and market access to Canadian, Albertan and even international markets. There would certainly be a need for new economic agreements covering such matters as taxation, infrastructures, resource development, procurement and so on.

C. The international community and its influence

Only in the post-Second World War years, with the creation of the United Nations (UN) and the emergence of several new states in Asia and Africa, did the topic of Indigenous (and human rights) policy begin to surface in Canada. And it was not until the late 1960s that these issues became a part of the national policy agenda when a confluence of forces, including ideas, interests, actors and opportunities, emerged.

In recent years, one of the most ground-breaking developments with respect to the issue of Indigenous rights at the international level occurred with the release of the UN Declaration on the Rights of Indigenous Peoples in 2007. It was the result of 25 years of development. Basically, it consists of standards for countries in dealing with their Indigenous peoples.

The Canadian government responded to the declaration in a series of steps. Having initially voted against the declaration, the Canadian government supported the document in 2010, accepting it as non-binding. In 2016, Canada fully endorsed the declaration and, in accordance with its policy framework, began making federal policy changes in 2017. At this point, Canada's agreement was still non-binding.

In 2021, however, the federal government fully endorsed the declaration and passed the United Nations Declaration of the Rights of Indigenous Peoples Act. This moved Canada's position from a statement of support to legally binding domestic law.

One of the provisions of the legislation is the requirement for an annual progress report to Parliament and to the UN on how Indigenous issues are being handled. The federal government has provided a full agenda of government measures to contribute to a renewed and respectful Crown-Indigenous relationship. It has been reported that as of October 2024, 17 specific federal laws make specific reference to the declaration. Some of these include:

- Federal legislation that increases First Nations decision-making power over how their reserve lands are managed
- The Canadian Energy Regulator Act with new rules to ensure the rights and culture of Indigenous Peoples are respected
- The First Nations' Fiscal Management Act
- A government release on the Principles Respecting the Government of Canada's Relationship with Indigenous Peoples

This adherence to the UN Declaration on the Rights of Indigenous Peoples has broadened Canada's commitment to the international community and to domestic Indigenous groups for advancing the constitutional and legal rights of these groups in Canada. The international character of Indigenous self-government could act as another pressure on both levels of Canadian government involved in any secession negotiations and would further complicate, if not subvert, the main focus of any negotiation. While it is unlikely that the United Nations would intervene or comment publicly on any separatist negotiations in Canada, the UN would be watching. In fact, given the extent of the Canadian government's



domestic and international commitment to Indigenous rights, it may not be possible for Alberta separatist negotiations to gain any mileage so to speak. In the real world, it might be enough to prevent any negotiations from going forward.

So where are we?

Land is fundamental to the Indigenous way of life in Canada. As original occupants of the land, Indigenous Peoples have been recognized by Canadian governments—federal and provincial—as having constitutional and legal rights and protections. And the role played by their governments within Canada has demonstrated the benefits of working together to advance cultural and economic goals and to gain international recognition. To disassemble what is already a highly complex governmental arrangement into something much more complex would be of unlikely benefit to anyone.

Part of the motivation behind the federal Clarity Act was to make it difficult for a province to secede from Canada. As the discussion above has attempted to show, the issues, especially the Indigenous issues, will be challenging and require significant expert resources to address. And based on governments' experience with first ministers and other intergovernmental processes, the process will be very long indeed.

Over the past many decades, Indigenous Peoples have worked to strengthen their government, protect their land and treaty rights and take greater control of their economic and social affairs. First Nations are still nation-building. The Métis have a legislated land base in Alberta, which they very well may want to have their rights guaranteed. The Inuit have been managing their homeland in the North, Nunavut, since the creation of its public government in 1999. Each of these communities is an integral part of one country.

In Quebec, the referendum votes in 1980 and 1995 were sponsored by a duly elected government led by the Parti Québécois, not a public advocacy group. Surely a different approach than a government-sponsored opinion poll is needed to address the grievances behind this issue.







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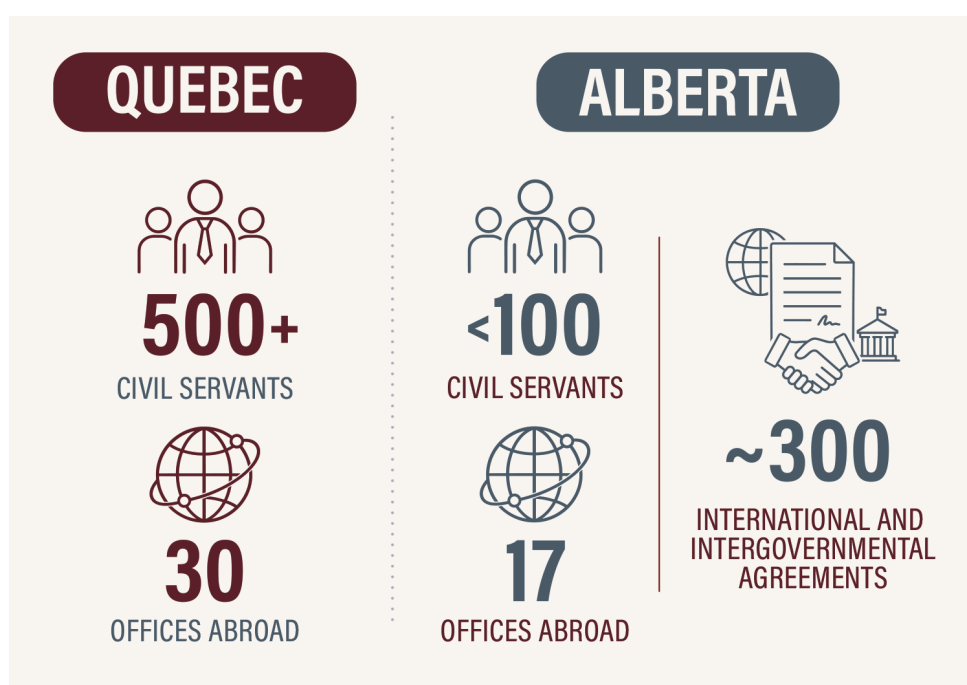
International Relations After Independence: Could a sovereign Alberta join the WTO?

In the fall of 2026, Albertans will go to the polls to answer several referendum questions. By far the most important of these questions will be one about Alberta's place in Confederation that could eventually lead to the province becoming a sovereign state. Canada is no stranger to the political and legal debates surrounding independence movements.

This paper is about the practical tasks that would confront a sovereign Alberta with respect to its status in international agreements, treaties and conventions if it were to establish itself as a sovereign personality under international law. Canada's constitutional structure lends itself to considerable foreign activity by provincial governments in important areas falling under their jurisdiction, notably natural resource development. Indeed, Canada is one of the world's most decentralized federations, lending itself to considerable paradiplomacy, or the involvement of sub-federal governments, such as the provinces, in international relations, which necessitates delicate political coordination with Ottawa around foreign affairs (Anderson and Kukucha, 2025, Lecours, 2002, Lecours and Moreno, 2001).

For example, for years, Quebec has maintained its own Ministry of International Relations and La Francophonie with more than 500 civil servants and responsibility for nearly 30 offices abroad (Government of Quebec, 2026, Balthazar, 1999). Much smaller in scale, Alberta's foreign footprint includes less than 100 civil servants in a general Ministry of Jobs, Economy, Trade and Immigration and the management of 17 offices, nearly all of which are co-located in Canadian Embassies. Alberta currently maintains close to 300 international and intergovernmental agreements, the overwhelming

majority of which are with Ottawa, Crown entities like the Royal Canadian Mounted Police (RCMP) or other provinces (Government of Alberta, 2025). By comparison, Canada has bound itself to thousands of treaties and agreements (as well as amendments) on dozens of topics ranging from postal delivery conventions to arms control (Global Affairs Canada, 2026). As a sub-federal government, virtually all of Alberta's international commitments flow through treaties and agreements concluded by Ottawa on the province's behalf.



Hence, even if Alberta were to negotiate its way out of Canada in the wake of a sovereignty referendum, it would then confront arduous and uncertain negotiations into the international community as a sovereign state (Dion, Clarity, 2012, Dion Dynamic, 1995).

This paper discusses the challenges that would confront a newly sovereign Alberta internationally in the wake of a vote to separate. It will begin with a discussion of the applicable conventions in international law known as the sovereign succession of treaties and why membership

in existing Canadian treaty obligations may not be straightforward for a newly sovereign Alberta. Second, the paper looks at several economic arrangements to which Canada is a party and to which a sovereign Alberta would likely seek membership (accession). Some could be straightforward, others much less so. Third, the paper will use Brexit and the United Kingdom's exit from the European Union (EU) to highlight the significant challenges a sovereign Alberta would need to overcome to reset its economic relations with Canada and the rest of the world.

Whether Alberta, or any other province, opts to pursue sovereignty is a decision for voters. Yet, the public ought to be as informed as possible about the implications of such a vote. This paper assumes both a "yes" vote in favor of separation and some form of clean break from Canada to become a sovereign state. This paper concludes that a genuinely independent Alberta would face several broad challenges internationally.

An independent Alberta's relationship to agreements, treaties and conventions of international law is unclear. Would thousands of agreements to which Canada is a party automatically apply to Alberta (succession), complete with privileges and obligations? None of this can be assumed and will depend heavily on the negotiated terms of a breakup with Canada, including Ottawa's own willingness to recognize a sovereign Alberta. Even an amicable breakup with Canada that facilitates succession will leave Alberta diplomatically and administratively unprepared to independently pursue agreements and treaties on its own (accession).

I. Recognition, succession and accession in international law

Personality and standing

A lengthy discussion of the origins of the state or analysis of sovereignty is beyond the scope of this paper (Krasner, 1999, Slaughter, 2004, Strange, 1996). The sovereign nation-state and the contours of modern international relations emerged in Europe with the Treaty of Westphalia in 1648. When we think about international law, it can be best understood as a layering of customary practice among sovereign states, most obviously codified in written agreements and treaties, but also anchored in less formal conventions around diplomacy. While the late 20th century

saw efforts to extend legal standing, or personality, to individuals in international law, historically only the state has had such legal standing (Schick, 1947; Komarow, 1980). Moreover, treaties, conventions and agreements that make up what we think of as international law have historically been enforced and adhered to through a mix of coercion, cooperation and coordination flowing from the coincidence of interests among sovereign states (Goldsmith and Posner, 2005); there is no police force to arrest a state for violations of international law.

Hence, independence is derived from the sovereign recognition only other states can confer and the related ability to succeed, accede and adhere to any of the thousands of treaties, conventions and agreements that form the backbone of international law (Caspersen, 2013, Council on Foreign Relations, 2023).

If Alberta separated from Canada, being recognized as a sovereign state would have many uncertainties. For example, how long would it take? Which countries would support or oppose Alberta? Perhaps most importantly, what influence would Canada want to have over whether other countries recognize Alberta at all (Brundage, 2023, Griffiths, 2017, Beširević, 2025)?

Decolonization and succession

The wave of decolonization in the aftermath of the Second World War raised important questions about whether independence should be recognized and how or whether new states would be bound by treaties and agreements previously negotiated by the colonial power. If left to fend for themselves, how quickly or effectively could newly independent states negotiate terms of membership to such a long list of agreements? Pragmatism and the postwar international system's preference for continuity and stability, initially prevailed (Shearer, 2017).

Great Britain set important precedents for other colonial powers when it simultaneously recognized India's sovereignty and succession to all treaties, agreements and conventions that had been negotiated by London. Yet, by the 1960s, scholars were raising questions about how consistent pragmatic succession was with the United Nations (UN) Charter's principle of self-determination (Article I) (United Nations, 1960). Should newly independent states be bound by every treaty the colonial power had negotiated? How selective could former colonies be



around which treaties worked in their interests? Moreover, there were hybrid situations, like Canada, Australia or New Zealand, wherein full independence was unfolding much more gradually.

Much less clear were principles to be applied to newly independent states born of civil strife, revolution or unilateral declarations (Shearer, 2017, pp. 338).

In the late 1970s, the UN sought clarity on these matters and concluded with the Vienna Convention on Succession of States in Respect of Treaties (1978). After initially being signed by just 11 mostly developing states, the Convention did not enter into force until 1996 when it reached the requisite 15 states, in 2026, it still only has 19 signatories (United Nations, 1978). More important than the limited number of states that have ratified the Convention is the ambiguity about succession that the Convention introduced. Article 16 of the Convention asserts what is known as a clean slate rule:

Article 16: Position in respect of the treaties of the predecessor State.

A newly Independent State is not bound to maintain in force, or to become a party to, any treaty by reason only of the fact that at the date of the succession of States the treaty was in force in respect of the territory to which the succession of States relates.

Confusingly, the Convention also says that in the case of the break-up of a state—or the separation of constituent part—continuity of treaty application should be assumed.

Article 34: When a part or parts of the territory of a State separate to form one or more States, whether or not the predecessor State continues to exist:

(a) any treaty in force at the date of the succession of States in respect of the entire territory of the predecessor State continues in force in respect of each successor State so formed;

(b) any treaty in force at the date of the succession of States in respect only of that part of the territory of the predecessor State which has become a successor State continues in force in respect of that successor State alone.

An independent Alberta seeking recognition and legitimacy would confront an inconsistent landscape of normative practice from which would flow a series of difficult negotiations—one with Ottawa over separation itself and a multitude of others with states holding inconsistent views on succession and accession.

II. Practical problems of succession and accession

To make the abstract concrete, this section examines some specific treaty accessions that a sovereign Alberta would undoubtedly be interested in. Some have no accession provisions. Those that do may take time.

CFTA

It is likely that most Canadians have never heard of the Canadian Free Trade Agreement (CFTA), but in form and function, it mirrors the text of the North American Free Trade Agreement (NAFTA). The obvious difference being its application to Canada's internal trade; a long-standing thicket of interprovincial trade barriers that undermine the country's cohesiveness as a single market. The CFTA's origins date to 1995 and the Agreement on Internal Trade (AIT) aimed at eliminating those barriers via its NAFTA-esque dispute settlement provisions. Alberta regularly took advantage of the AIT's provisions to challenge interprovincial trade barriers. The 2017 CFTA was a significant update and went further in coverage, language and institutional strength.

What would Alberta's status in the CFTA be following a vote for sovereignty? Article 1213 of the CFTA provides for accession or withdrawal by the provinces but is ambiguous about the process and silent about whether a newly sovereign Alberta would need to renegotiate the terms of membership.

Article 1213: Accession and Withdrawal

- 1. Any province or territory that is not a Party may accede to this Agreement on such terms as are agreed by the Parties.*
- 2. A Party may withdraw from this Agreement 12 months after it gives notice in writing to the other Parties and the Secretariat.*



Would Alberta's negotiations with Ottawa over its status in the CFTA result in so-called roll-over or continuity agreements that enshrined the status quo? The United Kingdom quickly discovered after Brexit that it could ill-afford the loss of preferred market access in the EU, by far its most important export market. Similarly, Alberta's most important economic partner is Canada. A newly independent Alberta would be unlikely to want worse terms of trade with Canada than it enjoyed prior to independence. However, maintaining market access or a role in governance measures comes with the familiar trade-offs for sovereignty; deeper integration inherently means a loss of autonomy as more decision-making authority is shared (Krueger, 1997, Goldfarb, 2003).

NAFTA/CUSMA

The 1994 North American Free Trade Agreement had provision for accession of additional members. The Canada-United States-Mexico Agreement (CUSMA), which replaced the NAFTA in 2020, does not.

NAFTA Article 2204: Accession

- 1. Any country or group of countries may accede to this Agreement subject to such terms and conditions as may be agreed between such country or countries and the Commission and following approval in accordance with the applicable legal procedures of each country.*
- 2. This Agreement shall not apply as between any Party and any acceding country or group of countries if, at the time of accession, either does not consent to such application.*

Even with an accession clause, no new members were ever added to the NAFTA. The 2018–2019 renegotiations (CUSMA) inserted new provisions for reviewing or ending the agreement (CUSMA Article 34.7), but no provision for expanding its membership.

Unless a succession agreement could be struck, the status of an independent Alberta vis-à-vis the CUSMA would be unclear and jeopardize preferential access for important exports to both the United States and Mexico. Moreover, because a newly independent Alberta would not yet be a member of the World Trade Organization (WTO), the province could confront trade barriers far more onerous than the Most Favored Nation (MFN) rates extended to WTO members.

CETA 2017

The Comprehensive Economic and Trade Agreement (CETA) is a narrowly bilateral agreement between Canada and the EU. There are accession provisions (Article 30.10), but they are only applicable to prospective members of the European Union. So, if the likes of Ukraine, Montenegro or Serbia were to join the EU, they could accede to the CETA through Article 30.10.

Those who followed the negotiations between Canada and the EU over the CETA recall how complicated and drawn-out the process was. Many complications were internal to the EU and featured organized stakeholder opposition from within member states. Through the CETA negotiations, stakeholders challenged Brussels' power to speak for the entire EU in trade negotiations (Hübner et al, 2020, Kleimann and Kübek, 2018). More narrowly, the Belgian region of Wallonia pushed the government to seek opinion in the European Court of Justice (ECJ) as to whether the CETA's investment provisions were compatible with EU law (Ankersmit, 2016). The ECJ ruling that the investment provisions were compatible resulted in a complicated compromise brokered by the Commission. It saw the CETA provisionally implemented as a mixed agreement in 2017, requiring the approval of national legislatures (Conconi et al, 2021). In 2026, 10 of the EU's 27 member states had yet to fully ratify the CETA.

Trade with EU member states is not large, taking in just one per cent of Alberta's exports in each of the last 10 years (Roach, 2025). However, absent a roll-over or continuity arrangement—likely brokered by Ottawa—with the EU, the challenges of an independent Alberta negotiating with the EU and its 27 members to raise those numbers would be daunting.

CPTPP

Canada was a founding signatory to the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)—a multilateral free trade agreement linking countries across the Indo-Pacific, Europe and the Americas—in 2018, the text of which includes explicit accession clauses for new members (Article 30.4). In 2024, the United Kingdom became a member via this clause. Interestingly, the language of Article 30.4 is broad enough to consider both states and "separate customs territories" as potential



members, "...as the Parties may agree." The obvious targets of this language are subsidiaries of states, such as Hong Kong, which maintain their own customs status, or Taiwan, which has a contested sovereign status.

The outcome of formal independence negotiations with Ottawa could result in Alberta being ambiguously perched somewhere between full statehood and remaining a Canadian province with considerably more devolved authority in Confederation. If, for example, negotiations with Ottawa resulted in Alberta asserting more control over goods, services or people crossing its boundaries, it could be categorized as a "separate customs territory" for the purposes of the CPTPP.

Much would hinge on Ottawa's willingness to support Alberta's membership in the CPTPP. Indeed, Article 30.4 of the CPTPP makes clear new members can only be admitted after all existing Parties have "...accepted the terms and conditions for the accession" (Article 30.4.6). A messy breakup with Ottawa would undoubtedly complicate any effort by Alberta to join as an entity distinct from Canada.

WTO

The World Trade Organization (WTO) is the world's pre-eminent rules-based trade governance body, representing 98 per cent of global trade. An independent Alberta would undoubtedly want to join. However, the WTO is not the same organization it was when Canada became one of just 23 founding members in 1947. Today, the WTO has more than 160 members, dominated by developing states whose trade is made up of many of the same commodities (agriculture and natural resources) produced by Alberta. Membership in the WTO would not come quickly or without scrutiny.

Alberta would be unlikely to secure automatic membership based on having been part of Canada. Of all the agreements noted thus far, accession to the WTO could be the most arduous. Indeed, according to the WTO, the "length of time between application and actual accession has varied from two years and 10 months to 15 years and five months" (WTO). In 2024, the WTO was working through more than 20 accession

applications, most from developing or non-market economies where transparency and governance standards are weak.

Alberta does not lack transparency or good governance. An application from Alberta as a sovereign state, or what the WTO also calls a customs territory, could eventually be successful. But it would take time, involve considerable scrutiny and may involve changes to sensitive sectors, like agriculture or government procurement, as a condition of entry that Canada has historically helped protect.

III. Bureaucratic incapacities

Possibly the most important challenge for any newly independent state is to staff its bureaucracy with the expertise to pursue the sovereign recognition and legitimacy a new state seeks. A useful comparator for assessing the scale of the challenge for a newly independent Alberta is the United Kingdom's experience since the Brexit vote in 2016.

The comparison comes with two important caveats that serve to further highlight the scale of the post-independence challenge for Alberta. First, the United Kingdom is already a full-fledged state with generations of diplomatic status and membership in dozens of forums, like the UN and WTO. Secondly, the Brexit vote started the effort to divorce the United Kingdom only from the trade and governance structures of the European postwar integration project. That has proven to be no small task, but it only entails withdrawing from entanglements since 1973, when the United Kingdom formally joined the European Economic Community (EEC). Those ties deepened considerably after the 1992 Maastricht Treaty initiated a Common Foreign and Security Policy (CFSP) and again after the Treaty of Lisbon in 2009, which added the Common Security and Defense Policy (CSDP), concentrating decision-making authority on those issues in Brussels, the EU's administrative capital.

The upshot after Brexit was that the United Kingdom embarked on a project of replacing all the international agreements that had been negotiated with and by Brussels since 1973 (Sacerdoti, 2017). Nevertheless, an early estimate of the task from the Financial Times put the total number of treaties the United Kingdom needed to renegotiate at 759 involving 168 countries (McClean, 2017). The U.K. bureaucracy was unprepared. In July 2016, a staff of 2,500 was cobbled together, mostly



from overseas tourism and investment promotion postings, to form the Department of International Trade (DIT) (Donnelly, 2016). At the time of the Brexit vote, the United Kingdom had just 50 trade policy staff and began a frantic search for capacity and support in universities and from other governments (National Audit Office, 2017).

Any post-Brexit euphoria associated with an unrestrained “Global Britain” quickly gave way to pragmatism as the U.K. government embarked on what became known as its trade continuity program. The program was created to ensure as few disruptions as possible as well as develop a series of roll-over agreements that would replicate or extend as many pre-existing arrangements as possible (Larik, 2023, Castellarin, 2024). That pragmatism was driven in large part by the prospect of a loss of preferential access to the EU, by far the United Kingdom’s largest export market. It was also driven by the uncertainty in international law (described above) about the status of the United Kingdom vis-à-vis agreements concluded as the EU increasingly negotiated as a single voice (Larik, 2020).

Interestingly, the United Kingdom’s continuity program has resulted in a foreign economic policy that looks much as it did prior to Brexit in terms of market access (including obligations), without a seat at the EU’s governance tables (Ibid., Diamond, 2023, Rollo and Holmes, 2020). Brexit proponents emphasized the potential for trade with the United States to displace reliance on the EU. Those hopes have, thus far, been dashed. The United Kingdom did join the CPTPP in 2024, but it will take time to see trade shift to mostly small, distant markets. Pragmatism and proximity to the EU have reigned.

An independent Alberta would effectively be starting from scratch and bring with it the baggage of having seceded from another sovereign state. In some cases, Alberta might successfully embark on a continuity program or roll-over program for existing treaties, agreements and commitments, asserting to Ottawa and the international community the same principles around continuity and stability flowing out of decolonization in the 1960s and 1970s. In other cases, the competing principle in international law against haphazard separatist break-ups could force Alberta to confront more of a “blank slate” in terms of accession to treaties and agreements. In other words, Alberta would be on its own to negotiate terms of accession with world powers.

Alberta would confront significant bureaucratic capacity challenges in pursuit of independence. The United Kingdom once presided over a global empire upon which the sun never set. A byproduct of that imperial period was a formidable diplomatic corps and administrative state in support. Yet, it only took a few decades of cooperative decision-making pooled in the EU for the U.K.'s diplomatic and administrative capacities to fade. When Brexit came, the U.K. government quickly discovered it was unprepared.

As noted earlier, Quebec has been preparing itself for independence for decades, staffing a "foreign ministry" second in size only to Canada's. Alberta has a more modest international footprint as it contemplates a referendum on separatism. Canadian provinces are not without international experience and have for decades engaged in many forms of paradiplomacy in pursuit of their interests. However, paradiplomacy is not the same as international diplomacy, and the international focus of many provincial officials is organizationally combined with domestic inter-governmental relations (federalism).

Conclusion

This paper sought to steer away from taking a position on the political or democratic merits of a sovereignty vote in Alberta except to acknowledge that direct democracy as a form of popular sovereignty is a fraught business.

Instead, this paper has sought to outline some of the "day after" challenges an independent Alberta would face as it tried to assert its sovereign legitimacy in international relations; specifically, binding itself to advantageous international agreements. In the aftermath of a referendum vote in favor of separation, much will depend on how divorce negotiations unfold and what final separation looks like. It could certainly be drawn out, messy and possibly inconclusive.

This discussion assumed that a clean break of some kind could be achieved and that Alberta would become a sovereign state. It also imagined the challenges a sovereign Alberta would face internationally. While none are insurmountable, they are numerous, depending heavily on the terms and amicability of the divorce from Canada.



First, an independent Alberta's relationship to the conventions of international relations (agreements, conventions and normative practice) hinges on ambiguous practice and precedent in international law around treaty succession. However, the postwar period's parallel emphasis on self-determination coupled with separatist movements within several states left the question of treaty succession muddled.

Hence, and second, quick succession, or accession as an independent Alberta to the thousands of treaties and agreements to which Canada is a party cannot be assumed. Some of the most important treaties and agreements to which Alberta would want to be a party have no accession clauses, notably the CUSMA. Others, like the CPTPP which has an accession clause, will require Ottawa's blessing for Alberta to become a member. Those like the WTO with clear accession provisions are also some of the most arduous and lengthy.

And finally, Alberta is diplomatically and bureaucratically unprepared for such an undertaking. The United Kingdom's experience with separating from the EU's governance structures after the 2016 Brexit vote laid bare the incapacities of government for the task. The United Kingdom struggled to extricate itself from just a few decades of treaty and agreement making led by the EU. In many respects, necessity has restored many of the U.K.'s pre-Brexit relations with the EU, this time without a seat at the decision-making table. Alberta could similarly be confronted with the necessity of maintaining elements of the status quo with Canada, but face a far more challenging diplomatic and administrative challenge in scaling up for the task.



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Economic







PAUL BOOTHE

Dr. Paul Boothe is a retired professor and deputy minister.

An economist by training, he received his BA (Hon) from Western University and his PhD from the University of British Columbia (UBC). He was a faculty member at the University of Alberta and Western University's Ivey Business School. He is the author, co-author or editor of more than 80 articles, monographs and books. In 2016, he was appointed a member of the Order of Canada.

His work experience includes university research and teaching, acting as an independent consultant to Canadian and international organizations and serving as a senior public servant in provincial and federal governments. At the provincial level, he served as Saskatchewan's deputy minister of finance and treasury board secretary. At the federal level, his appointments include associate deputy minister of finance and G7 deputy, senior associate deputy minister of Industry and deputy minister of the Environment.



Hard Realities: Lessons from the Quebec referendum debates

Introduction

American philosopher George Santayana famously declared that “those who cannot remember history are condemned to repeat it” (Santayana, 1905). The most recent episode of Canada’s experience with separatism is only three decades old, and Quebec’s referendum debates (Boadway et al., 1991, Boothe et al., 1991) can help Albertans develop a clear-eyed understanding of the likely fiscal and economic issues the province would face in the event of separation.

There are many questions to consider: What would happen to Alberta’s public finances, government revenues, expenditures and debt? What would be the effects on the Alberta economy, such as standards of living, employment, inflation and trade with other jurisdictions?

These are complicated issues. On the economic front, the Quebec analysis of three decades ago does not tell us much. Fortunately, new analysis of the economic implications of a separate Alberta has recently been completed (Tombe, 2025). As a complement to that work, this essay will focus on some of the fiscal questions that clearly parallel the Quebec analysis:

- How would government liabilities and assets, especially pensions, be divided?
- What would happen to the portability of social programs?
- What choices would a separate Alberta face regarding currency and monetary policy?

The lessons for Albertans from the Quebec referendum debates are clear. First, a separate Alberta's government debt would likely triple in size even under the most favourable treatment. Second, there is no clear legal reason to believe that the Canada Pension Plan (CPP) need be divided, and it would likely not be in the interests of CPP recipients living in Alberta to do so. Thus, any new Alberta Pension Plan would be starting from scratch. Third, the interprovincial portability of social programs such as health care and post-secondary education would end, and the citizens of a separate Alberta would be treated as foreign residents when accessing health care or post-secondary education in the Rest of Canada (RoC). Finally, it seems unlikely that, at least initially, a separate Alberta would choose to establish its own currency. Adopting the Canadian or U.S. dollar as legal tender would mean that interest rates or exchange rates could not be used to help manage the Alberta economy.

Dividing the debt

The debate surrounding the division of federal liabilities in the event of Quebec separation was complex and divisive. Researchers considered a number of different approaches. Two conceptually simple approaches received the most attention: division by share of population or division by share of gross domestic product (GDP).

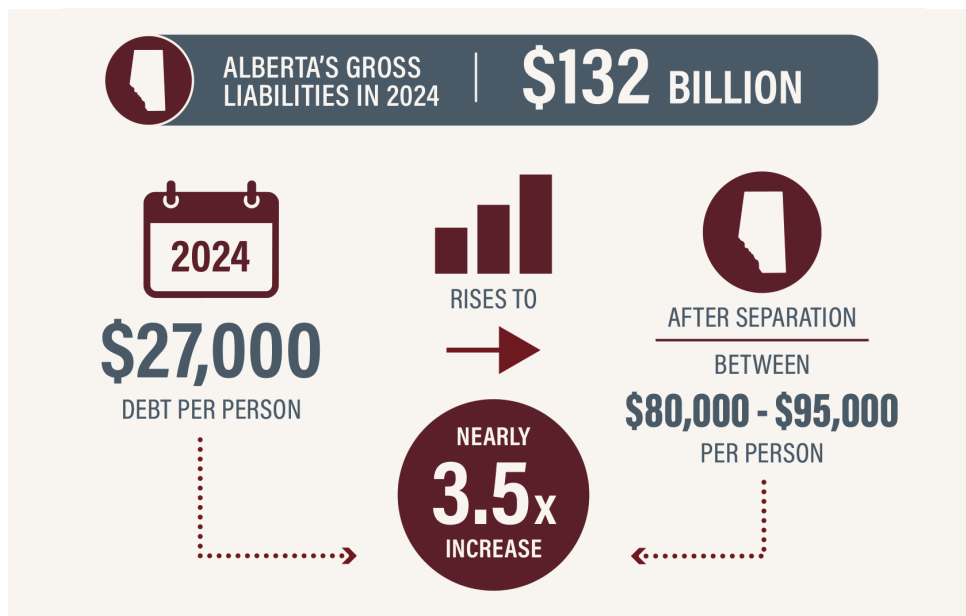
To arrive at rough estimates of the implications for Alberta of the two approaches, gross liabilities are used as a first approximation of the debt to be divided. Not included in this figure are loan guarantees and other contingent liabilities. Many of these are tied to specific firms or locations. It is easiest to assume that those located in Alberta would be the responsibility of the province in the event of separation. One could argue that net liabilities should be used, but of the financial assets the government subtracts from gross liabilities to arrive at net liabilities, only about \$200 billion (mainly Government of Canada cash and a portion of foreign exchange reserves) would be available for division.

Gross liabilities of the federal government stood at \$2.182 trillion in 2024 (the most recent year for which comparable data are available). Alberta's share of Canada's population in 2024 was 11.8 per cent, and its share of GDP was 15.2 per cent. Thus, depending on which approach negotiators use, a separate Alberta would assume between \$258 billion (based on population share) and \$333 billion (based on GDP share) of additional debt.



To put this in perspective, Alberta's gross liabilities in 2024 stood at \$132 billion. This means Alberta's debt per person would rise from about \$27,000 per person in 2024 to between \$80,000 and \$95,000 per person after separation. Of course, this abstracts from all the additional costs a separate Alberta would incur. Examples include border control and immigration, national defense, foreign embassies and consulates.

It can be argued that Albertans already bear the burden of their share of the federal debt and so, abstracting from how that share is calculated, nothing has changed. This argument misses an important reality of government bond markets, that is, the investors and institutions that buy and sell government debt. A key factor that markets consider is the government bonds' credit rating by agencies such as Standard & Poor (S&P). Bond rating agencies would see the transfer of substantial debt from Canada, which has an S&P rating of AAA, to Alberta with an S&P rating of AA, as a compelling reason to downgrade Alberta's credit rating and thus increase its borrowing costs. A lower rating means Albertans in a sovereign nation would pay more interest than they do now. In comparison, Finland, which has a comparable population and modestly lower GDP than Alberta, has gross government debt of roughly \$75,000 per person measured in Canadian dollars. As a result of Finland's relatively low debt and its membership in the Eurozone, its government bonds have an S&P rating of AA+.



An issue that has received relatively less attention is how best to effect the transfer of such a large volume of debt from Canada to a separate Alberta. It seems obvious that existing bond holders would be unwilling to exchange their Canada bonds for new Alberta bonds without being offered a substantial premium. Canada could hold the Alberta bonds, but, given the share of total Alberta debt those holdings would represent, Canada would gain enormous market power over a separate Alberta.

Probably the best among the unpalatable options would be for the separate Alberta to issue new debt and repay Canada with the proceeds. As financial markets became flooded with the new Alberta bonds, their prices would fall and yields rise, making the new bonds a very expensive form of financing. Whether such an operation would even be possible given the volumes involved remains an open question.

In sum, however it is calculated, the assumption of its share of Canada's gross federal debt by a separate Alberta would be an expensive and risky proposition. Rather than a benefit to the population, the costs of separation would manifest themselves both in terms of higher interest costs and reduced ability to borrow in international markets.

Public pensions

In the run up to the second Quebec referendum there was relatively little discussion of dividing the assets and liabilities of the CPP since Quebec runs a parallel plan of its own. In the case of Alberta, there is no parallel plan, and some may assume that the assets of the CPP should be divided along with federal debt, giving a separate Alberta a large pool of capital to invest in Alberta projects. There are several reasons to believe that such an assumption is misguided.

First, the legal basis for such a division is unclear. While the CPP legislation makes provision for a province to withdraw with appropriate notice and meeting certain conditions, it is, of course, silent on whether CPP assets and liabilities can be transferred to a foreign country. Any move to divide assets and liabilities would likely be subject to protracted legal challenge.



More importantly, the CPP is a globally diversified fund with a perfect record of paying its promised pensions to retirees. Thus, it is not clear whether it is in the interests of current and past contributors who continue to live in a separate Alberta to transfer their contributions to a new entity. A simpler option would be for current contributors to begin contributing to a new Alberta fund at the date of separation. The benefits they earned from their CPP contributions could be calculated according to the existing rules and paid on schedule by the CPP in the same way that CPP benefits are currently paid to Canadians living abroad. The pensions of former federal public servants living in a separate Alberta could be handled in the same way.

This treatment, however, could not be applied to Old Age Security (OAS) payments. Under certain circumstances, OAS payments can be made to Canadians living outside of Canada. However, these payments are funded from the current tax revenues of the Government of Canada rather than individuals' contributions. Most likely, such payments would cease on the date of separation, and any future payments would be the responsibility of the separate Alberta government if it chose to establish such a program.

In sum, there would be no incentive for Canada or benefit for current and future pensioners to transfer CPP and other pension assets to the government of a separate Alberta. Thus, separatist dreams of accessing a large pool of pension assets to put to work in Alberta are likely misguided.

Social programs

One of the benefits most Canadians give little thought to is the portability of social programs, particularly health care and post-secondary education. Currently, residents of one province can access health services in other provinces relatively seamlessly whether they are visiting or making a permanent move. That is not to say that every province has the same suite of health services. Rather, it is that visitors and newcomers from other parts of Canada are treated the same as long-time residents of the province when accessing health services. In the same way, students from one province can attend post-secondary institutions in other

provinces and pay the same tuition fees as local students. The exception is Quebec, where out-of-province students pay more than local students, but much less than international students.

If Alberta were to separate from Canada, Alberta citizens would presumably be treated as foreigners when accessing health services and as international students when applying to enrol in post-secondary education in the RoC. The value of these portability benefits is easy to estimate at the individual level. For health care, it is the cost of out-of-country medical insurance, which varies by the age and health status of travellers. For post-secondary education, it is the difference between domestic and international tuition fees. For example, at University of British Columbia in Vancouver, tuition ranges between \$6,000 and \$10,000 for domestic undergraduate students and between \$40,000 and \$64,000 for international students. Some research (Usher, 2021) suggests that substantially more students from Alberta pursue post-secondary studies in RoC than vice versa.

In sum, Alberta separation would likely result in substantially higher health insurance costs for Albertan travellers to other parts of Canada and increased tuition costs for post-secondary students seeking to study outside Alberta.

Currency arrangements and monetary policy

Another of the hotly discussed topics in the run up to the 1995 Quebec referendum was what currency would be used in Quebec. Three options were discussed: a new Quebec currency, continuing to use the Canadian dollar or using another country's currency—likely the U.S. dollar. The Quebec premier of the day, Jacques Parizeau, a former economics professor, argued that Quebec should use the Canadian dollar, at least for a transition period of up to 10 years. The reasoning was that it was not clear whether trading partners (or perhaps, even local residents) would accept a new Quebec currency in exchange for goods and services.

While it is possible to use another country's currency as legal tender, one also must accept the monetary policy of the other country without any say in how it is set. Some developing countries, including Ecuador, El Salvador, Panama and Zimbabwe, have chosen to use the U.S. dollar as their currency. This approach implies that exchange rates and interest



rates in those countries are not set in keeping with local economic conditions. Thus, these countries cannot rely on monetary policy instruments such as interest rates and exchange rates to help manage the economy.

In the past, some western Canadian premiers have argued that the Bank of Canada did not take sufficient account of economic conditions in Western Canada (particularly Alberta) when setting monetary policy. Ironically, separation from Canada coupled with the retention of the Canadian dollar as legal tender (or even worse, the U.S. dollar) would leave a separate Alberta with no influence over monetary policy at all.

In sum, although a separate Alberta could continue to use the Canadian dollar or adopt the U.S. dollar as its legal tender, the result would be the loss of all influence on monetary policy decisions.

Conclusions

This essay has applied the lessons of the research conducted in the run up to the 1995 Quebec referendum to the current day in Alberta and the issues being discussed in advance of the upcoming referendum. For each of the four issues examined, clear conclusions can be drawn.

- **Dividing the national debt:** Even using the approach most favourable to Alberta, gross public liabilities would rise from approximately \$27,000 per person to \$80,000 per person (assuming Alberta's population does not decline).
- **Canada Pension Plan:** No large pool of public pension capital will likely be available upon separation and a separate Alberta would face the prospect of starting its own public pension system from scratch if it chose to do so.
- **Portability of social programs:** In the event of separation, Albertans would be treated as foreigners when traveling to the RoC. Likewise, Alberta students studying at RoC institutions would likely face international rather than local tuition fees.
- **Monetary policy:** A separate Alberta could retain the Canadian dollar or adopt another foreign currency (likely the U.S. dollar) but would lose all influence over monetary policy decisions.

In sum, the lessons from the 1995 Quebec referendum suggest that a separate Alberta would be worse off in every one of the four fiscal policy areas examined in this essay. Perhaps proponents of Alberta separation are unaware of our recent history. To those of us who remember the 1995 Quebec referendum, in the words of philosopher Yogi Berra “...it’s like deja vu all over again.”

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The views expressed in this essay are the author’s and should not be attributed to any other individual or organization. Ken Boessenkool, Dave Hudson, Chris Ragan, Alister Smith and Trevor Tombe provided helpful comments on an earlier draft.







LENNIE KAPLAN

Lennie Kaplan spent more than two decades in the public service of Alberta, focusing on government fiscal, economic, energy and environmental policy. He served as a senior manager in the Fiscal and Economic Policy Division of the Ministry of Treasury Board and Finance, where he worked on cross-ministry initiatives assessing the economic and fiscal impacts of federal climate and energy policies and assisted in developing meaningful options to reform federal-provincial fiscal arrangements. He later served as executive director to the MacKinnon Panel on Alberta's Finances. Kaplan worked with the Canadian Energy Centre as a chief research analyst and has continued to contribute to public policy discussions through research and commentary on public finance, energy policy, climate policy and economic competitiveness.



Evaluating the economic and fiscal impacts of Alberta's separation from Canada

Introduction

Albertans need to think carefully about leaving Canada: the costs will be high.

Assessing the economic and fiscal impacts of Alberta separation is a complex, but critical, undertaking. To make informed decisions about the province's future, Alberta voters and public policy-makers need a comprehensive analysis of what an Alberta secession from Canada would look like. This is the kind of rigorous research Quebec conducted prior to the 1995 referendum.

An objective and comprehensive analysis should examine the setup and ongoing costs of an independent Alberta, including the province's share of federal assets and liabilities. It would determine the impact on financial flows, such as Alberta's share of federal tax revenue and federal programs like Old Age Security (OAS), Canada Child Benefit (CCB) and Employment Insurance (EI), plus the cost of moving from the Canada Pension Plan (CPP) to an Alberta pension plan. The analysis would also incorporate potential market access concerns, like tariff and trade impacts and any changes in labour mobility. Finally, it would include the cost of Alberta duplicating any existing public services, like regulatory frameworks for rail, aviation and telecommunications, as well as defense and justice services.

Unlike what has occurred in Quebec (Marceau, 2023) over the decades, historically there has been no robust process and methodological roadmap developed in Alberta to undertake such a critical analysis. This paper provides a preliminary analysis of the economic and fiscal costs and benefits of separation.

Alberta independence could result in setup costs of over \$200 billion and ongoing costs of over \$50 billion annually. Moreover, it could very well shrink Alberta's economy, cause jobs to be lost, raise interest rates and deter investment. A long and drawn-out negotiation between Alberta and Ottawa also appears likely, if a binding referendum to separate was to succeed.

For a detailed overview, refer to Appendix – Process, Methodology and Terms of Reference at <https://cwf.ca/research/publications/report-alberta-in-confederation>.

The economic and fiscal impacts of Alberta independence

The exact magnitude of costs incurred from an Alberta secession will depend on the political course of negotiations between Alberta and the rest of Canada (ROC). These costs can be divided into three main categories: transaction, economic and fiscal (Young, 2013).

The choice of currency, sharing of federal debt and assets and resetting of existing internal and international trade agreements are likely three of the most important issues that will need to be negotiated if Alberta decides to secede from Canada.

This essay covers some initial estimates of the impacts of these various cost components, with particular emphasis on the following key issues:

- How the federal net debt will be apportioned, or divided, with Alberta
- Whether Alberta will face a debt interest rate premium as a result of the uncertainties associated with sovereignty

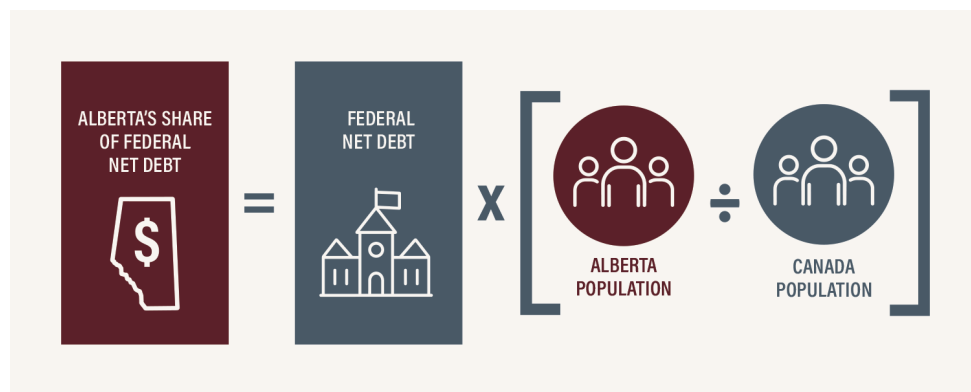


The apportionment of federal debt

Following are some of the federal net debt apportionment approaches that might be considered in the event of Alberta separation (Somers and Vaillancourt, 2014).

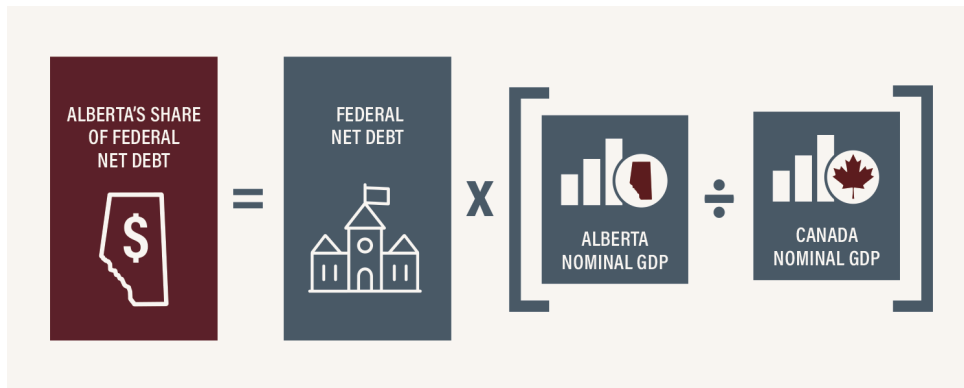
Share of population method

The share of population method is the most straightforward approach. It occurs when the federal net debt, or the federal government's total liabilities minus its financial assets, is divided by the population of Alberta as a share of Canada's total population at the point of separation. Under this method, Alberta's share of the federal net debt would be about 12.5 per cent, or \$174.2 billion, in 2028, a hypothetical first year of independence.



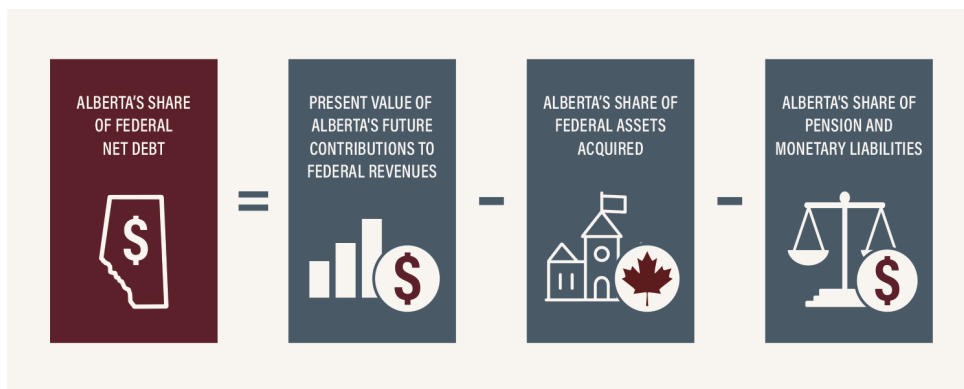
Share of nominal GDP method

The share of nominal GDP method is also relatively simple and sees Alberta apportioned its share of the federal net debt based on its share of Canada's nominal gross domestic product (GDP). Under this method, Alberta's share of nominal GDP would amount to about 14.3 per cent, or \$200 billion, in 2028.



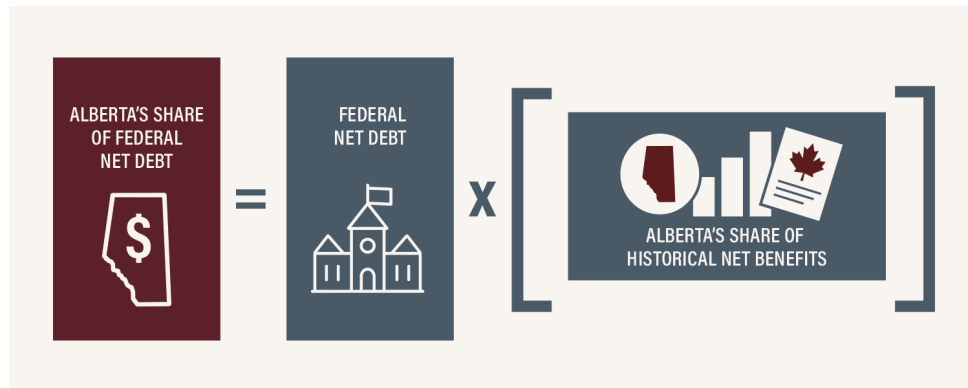
Bélanger-Campeau formula

The Bélanger-Campeau formula was initially broached in the report of the 1991 Commission on the Political and Constitutional Future of Quebec. Applying this formula, Alberta's share of the federal debt is calculated as the present value of Alberta's future contributions to total federal revenues. The figure is then adjusted by subtracting the share of federal assets to be acquired by the Alberta government as well as Alberta's share of future pension and monetary liabilities. Assets are divided in the same way as liabilities. Non-financial assets located in Alberta would be assigned exclusively to Alberta under this method.



Historical benefits formula

Under the historical benefits formula, Alberta would assume its share of the federal debt based on the net benefits received in the past as a member of the Canadian federation. This method relies on provincial fiscal balances. The historical benefits approach would likely be favourable to Alberta as federal expenditures in Alberta have been consistently lower than federal revenues drawn from Alberta.



The method of apportionment of federal net debt to an independent Alberta is likely to be very contentious. For reasons of fairness and simplicity, this essay focuses on the share of population method as the most logical and amenable to analysis.

An Alberta interest rate premium

Another set of costs to consider is the result of the uncertainty caused by the act of secession. When conditions change fundamentally, individuals and businesses have less confidence in their expectations about the future, and perceived risk increases.

A decision by Alberta to seek independence from Canada would likely kick off years of difficult negotiations between Canada and Alberta over such complex issues as federal asset and debt partition, currency, renegotiation of internal and international trade agreements and transfer of Canada Pension Plan net assets. This could create great uncertainty, and investors don't like uncertainty.

With respect to financial markets, a sovereign Alberta may need to pay extra on its debt because lenders would worry about the following:

- **Political risk:** Uncertainty about future public policies
- **Default risk:** Uncertainty about the creditworthiness of both the continuing and the seceding state
- **Currency risk:** Uncertainty about future exchange rates

But the effects of uncertainty are much wider. They involve concerns over people migrating out of Alberta, how much people would save versus

spend, where businesses would source supplies and sell products and services, and investment decisions.

The spectre of the upcoming October 19 referendum on Alberta independence could cost the Alberta government a debt financing risk premium. Alberta independence risk premium estimates are derived by examining changes in yields on Alberta 10-year and 30-year government bonds.

Using the current debate in Quebec around independence as a proxy, the uncertainty surrounding the prospects of the results from an Alberta independence referendum could increase Alberta's borrowing costs between 10 and 20 basis points, or between 0.10 per cent to 0.20 per cent.

With respect to interest rate premiums, Alberta Treasury Board and Finance (TB&F) prepares a forecast and analysis of the Province's interest rate risk report on a quarterly basis, with a *Debt Servicing Cost & Net Interest Expense: Forecast and Sensitivity Analysis* report prepared monthly. These reports include projected debt servicing costs (DSC) and net interest expense for the current and future two fiscal years, comparing figures to latest budgeted (estimated and targeted) amounts. Sensitivity analyses are also reported, illustrating the impact of interest rate shocks on projected DSC and net interest expense by fiscal year. Presumably, the impact of a potential Alberta independence event has been assessed by TB&F. Therefore, these reports should be publicly released to provide further context to Albertans.

Assignment of setup and ongoing costs of Alberta secession

Using available government information as a reference point, preliminary calculations suggest Alberta independence will result in an estimated \$206.8 billion in setup costs and \$57.6 billion in ongoing annual costs.

Highlights include the following:

- **Federal net debt share:** \$174.2 billion, representing Alberta's 12.5 per cent share of Canada's total population on a federal net debt of nearly \$1.4 trillion
- **Annual federal debt servicing costs:** ongoing annual costs of \$10.2 billion, representing an overall 5.88 per cent interest carrying charge arising from the issuing of \$174.2 billion in Alberta debt



- **Cost of negotiating trade agreements:** setup cost of up to \$7 billion, representing about a two per cent cost applied to Alberta's estimated annual value of trade with Canadian provinces and international countries as of 2028. Negotiations would include agreements with Canada and the provinces and international trade agreements, most notably with the United States and Mexico under CUSMA. This cost is likely understated.
- **Taking over federal transfers:** \$13.8 billion of annual ongoing costs, representing the level of annual transfers projected to be sent to Alberta by the federal government in 2028-2029 for health care, social services, agriculture, labour markets and child care
- **Taking over annual ongoing payments to Albertans:** under OAS (\$7.1 billion), the CPP (\$7.7 billion), EI (\$2.8 billion) and the CCB (\$3.8 billion), among others
- **Defense budget to meet the NATO two per cent of nominal GDP commitment:** \$10.9 billion in setup costs, representing about two per cent of Alberta's projected nominal GDP of \$543 billion in 2028

For a complete breakdown, see Appendix – Table 1: A preliminary analysis of the costs of Alberta independence at <https://cwf.ca/research/publications/report-alberta-in-confederation>.

It is clear from this preliminary analysis that an independent Alberta will essentially have to set up its own federal government apparatus (Dryden, 2026). This would be a massive undertaking, with many separate setup and annual ongoing costs.

It should be noted that these estimated costs are lower than, but still in general alignment with, the preliminary estimates of \$400 billion in setup costs and \$25 to \$50 billion in ongoing annual costs cited by the Alberta government in June 2026 (Dryden, 2026).

Economic costs of Alberta separation

In assessing the costs of Alberta separation, one must also examine the economic shock resulting from a secession event. Alberta secession could have a significant impact on GDP, employment, income and investment, among other factors. The extent of the Alberta secession shock would depend largely on the conditions imposed on the governments of Canada and Alberta following separation.

In the event of sovereignty, Alberta's GDP is expected to decrease from business-as-usual (BAU). This will be the result of multiple factors, including job losses, out migration, disturbed trade relations and a perception of increased risk of investment.

In reference to Quebec separation, Dungan and Vaillancourt (1991) modelled the impacts of the following:

- An increase in international borrowing costs
- A drop in international direct investment
- A population outflow from Quebec
- An increase in trade barriers reflected in decreased total factor productivity

The analysis showed that reduced productivity through reduced trade is the most devastating possible impact of sovereignty for both Quebec and Canada. An Alberta secession event would likely be similar.

The preliminary estimates suggest that Alberta separation could reduce the province's economy, or nominal GDP, by \$39.1 billion or 7.2 per cent. This would lead to a \$6,304, or 4.8 per cent, contraction in Albertans' household disposable income in 2028.

Alberta is an open economy that generates billions in export and import trade with Canada and the world. Alberta separation, with the likelihood of distinct borders being put in place, would generate new non-tariff barriers (NTBs), most notably with the ROC and the United States (Huang, Sampson and Schneider, 2021).

A separate Alberta would lose protections under current Canadian internal free trade and international trade agreements and likely be required to negotiate new pipeline access and supply chain arrangements. The preliminary estimate suggests that this could effectively increase Alberta's trade costs by 12 per cent in 2028 (Huang, Sampson and Schneider, 2021). This could shrink the province's economy by roughly 7.2 per cent or \$39.1 billion, based on a business-as-usual Alberta nominal GDP of \$543 billion in 2028.

The negative trade and economic growth impacts arising from year one of Alberta separation could have sweeping effects across the entire provincial economy in relation to business-as-usual.



Overall, Alberta's nominal GDP per person could fall by \$7,500, or 7.2 per cent lower than BAU. Many other areas of interest could be affected, including:

Income

Personal income per person could fall by \$4,297, or 6.2 per cent lower than BAU, while personal disposable income per person could fall by \$2,954, or 5.8 per cent lower than BAU. Annual primary household income in Alberta could decrease by \$13.9 billion, or 4.8 per cent from BAU.

Employment

Alberta's unemployment rate could reach 6.2 per cent, or 0.4 per cent higher than BAU, and total Alberta employment could drop by 45,703 jobs, or 1.7 per cent lower than BAU. Annual labour income per employee could fall by \$4,935, or 6.2 per cent lower than BAU.

Housing

Housing starts could fall by 3,623 units, or 10.5 per cent lower than BAU, while nominal residential investment could decrease by \$3.8 billion, or 14.5 per cent lower than BAU.

Business

Nominal business investment could fall by \$6.8 billion, or eight per cent lower than BAU, while nominal consumer expenditures could dip by \$2.4 billion, or 1.3 per cent lower than BAU.

Alberta's net corporate operating surplus (NCOS) could fall by \$2.8 billion, or 4.3 per cent lower than BAU. And retail sales could fall by \$10 billion, or 8.2 per cent lower than BAU.

Based on the preliminary analysis, it could take a decade or longer for the full negative effects of Alberta separation to materialize. The terms of separation between Alberta and the rest of Canada will have to be negotiated, and trade agreements with the rest of Canada, the United States and other nations will need to be revamped. This process will take years, not months. This will create even more uncertainty and result in a lasting drag on the Alberta economy.

These preliminary numbers are broadly similar to those recently released by the Calgary Chamber of Commerce and Trevor Tombe, director of Fiscal and Economic Policy at the University of Calgary, School of Public Policy (Calgary Chamber, 2026, and Pereira, 2026):

Based on the measured effect of Brexit for the United Kingdom, an eight per cent increase in both interprovincial and international trade costs from separation would lower GDP per capita in Alberta by about six per cent. It would reduce the workforce by roughly 175,000 and shrink the economy by \$62 billion a year. A decline of investment from uncertainty on the scale seen after Brexit would mean \$10 to \$15 billion in foregone investment in 2026—as much as \$3,000 per Albertan.

Pro-forma fiscal analysis of Alberta separation: The effects on Alberta's fiscal flows

As differentiated from the transition and setup cost analysis conducted earlier in this paper, a pro-forma analysis allocates fiscal flows on a financial statement basis over a specific period of time similar to the budget plan and annual reports published each year by the Government of Alberta.

A pro-forma analysis of public finances is a technique accountants use to prepare estimates of the financial statements of enterprise performance under certain hypothetical assumptions (Grady, 1991). A pro-forma fiscal analysis of Alberta secession would involve projecting the financial viability of an independent Alberta state. The analysis attempts to balance recovered federal tax revenues with the new expenditures required to assume federal powers.

The following is a preliminary five-year pro-forma fiscal analysis for an independent Alberta. The projections indicate that an independent Alberta will record cumulative deficits of nearly \$76 billion in the first five years of independence. This includes nearly \$81 billion in cumulative debt servicing costs. Alberta's annual debt servicing costs are projected to rise to nearly \$17.3 billion in 2032–2033, after assuming the cost of servicing its share of federal government debt.

Should Alberta separate, it plans to record its share of the Canada Pension Plan (CPP) net assets on the balance sheet as a financial asset. The \$76 billion cumulative deficit includes a commitment not to fund the Alberta government's day-to-day operations by dipping into the \$232 billion in projected cumulative revenues generated by Alberta assuming its share of CPP net assets. According to the Alberta Prosperity Project (APP), Alberta CPP annual revenue will be used only to support pensioners



now and in the future. Thus, it is not available for debt repayment or other spending purposes (Alberta Prosperity Project, 2025).

The \$76 billion in cumulative deficits also reflects APP commitments to gradually do the following:

- Eliminate Alberta personal income taxes (estimated at nearly \$22.5 billion by 2032–2033)
- Reduce Alberta corporate income taxes (estimated at over \$4.1 billion by 2032–2033)
- Implement a five per cent Alberta provincial sales tax (estimated at over \$4 billion by 2032–2033)

However, the \$76 billion in cumulative deficits does not include the APP commitment to set aside a growing percentage of annual non-renewable resource royalties (NRRR) “off the top” for placement into an expanded Alberta Heritage Savings Trust Fund.

The APP also suggests that using modern systems, such as artificial intelligence (AI), can achieve cost savings as high as 50 per cent in some areas, but it does not provide specifics about where these savings will be found. As a placeholder, this preliminary analysis estimates a five per cent efficiency gain on government operations under Alberta independence that could result in nearly \$8.5 billion in average annual savings.

Quebec separatists (Parti Québécois) recognize that if Quebec decides to leave Canada, it must take its commensurate share of the federal liabilities (Parti Quebecois, 2023). The Alberta government also appears to recognize that an independent Alberta would have to take on its share of federal government debt (Dryden, 2026). Premier Danielle Smith recently estimated Alberta’s share of the federal government debt at \$170 billion, requiring about \$10 billion per year in expenses to service that debt (Bell, 2026).

The APP appears to believe that because Albertans have historically contributed more in federal taxes than they have received back in federal services, that only federal government investments that directly benefit Albertans or create an asset of value in Alberta should form the basis for calculation of Alberta’s share of the national debt (Gunter, 2026, and Hopper, 2015). This seems to be a very optimistic interpretation of the liabilities division, and an extremely complex calculation, to say the least.

Using the independent Alberta financial statement of operations as the basis for the balance sheet calculations, the analysis projects that Alberta's net financial debt will reach over \$99 billion as of March 31, 2033. This includes an independent Alberta recording its share of the net financial liabilities, estimated at \$262.1 billion by March 31, 2033, on its balance sheet. Meanwhile, Alberta's net debt will still be nearly \$1.2 billion after five years, even with the assumption of over \$20 billion for Alberta's estimated share of federal government capital and other non-financial assets.

An independent Alberta will also likely have to refinance some of its share of federal government debt at a risk premium, above the prevailing 10-year and 30-year Canadian bond rate yields, as investors and capital markets demand a risk premium.

For more information, refer to Appendix – Table 2: Independent Alberta Projected Pro-Forma Fiscal Summary and Table 3: Independent Alberta Projected Pro-Forma Statement of Financial Position at <https://cwf.ca/research/publications/report-alberta-in-confederation>.

Internal trade agreements between Alberta and the rest of Canada and international trade agreements between Alberta and other nations will likely have to be renegotiated. As such, this analysis has assigned a placeholder for annual cost of market access (arising from the imposition of non-tariff barriers on an independent Alberta), as well as a market uncertainty factor of about \$7 billion annually. This cost is likely understated.

The Alberta Transition Council is now working on the fiscal and legal foundations to deliver a functioning Alberta sovereign state (Alberta Transition Council, 2026). Just as with the Alberta government, the University of Calgary School of Public Policy (SPP) and the advisory panel, the Alberta Transition Council must, as part its mandate, prepare a medium-term statement of operations and a balance sheet showing the fiscal impacts of an independent Alberta on the province's finances (Gunter, 2026).



And all groups should seek the advice of Alberta's auditor general on how to record revenues, expenses, assets and liabilities on an independent Alberta's annual statement of operations and balance sheet.

Conclusion

Despite pronouncements to the contrary by some in the Alberta independence movement, this preliminary analysis suggests that the economic and fiscal costs of Alberta secession could be substantial. The key issues need to be carefully weighed by Alberta voters as the province moves forward into the fall 2026 referendum campaign.

The resolution of these issues could be very contentious and drawn out. Because negotiations between Ottawa and Alberta over the terms of Alberta separation will be, above all, a politically driven process, there also likely will be variable costs reflecting various uncertainties that cannot be adequately weighed only through the fiscal and economic numbers at this time.

Clearly, an independent Alberta will need to tread very carefully.



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HERB EMERY

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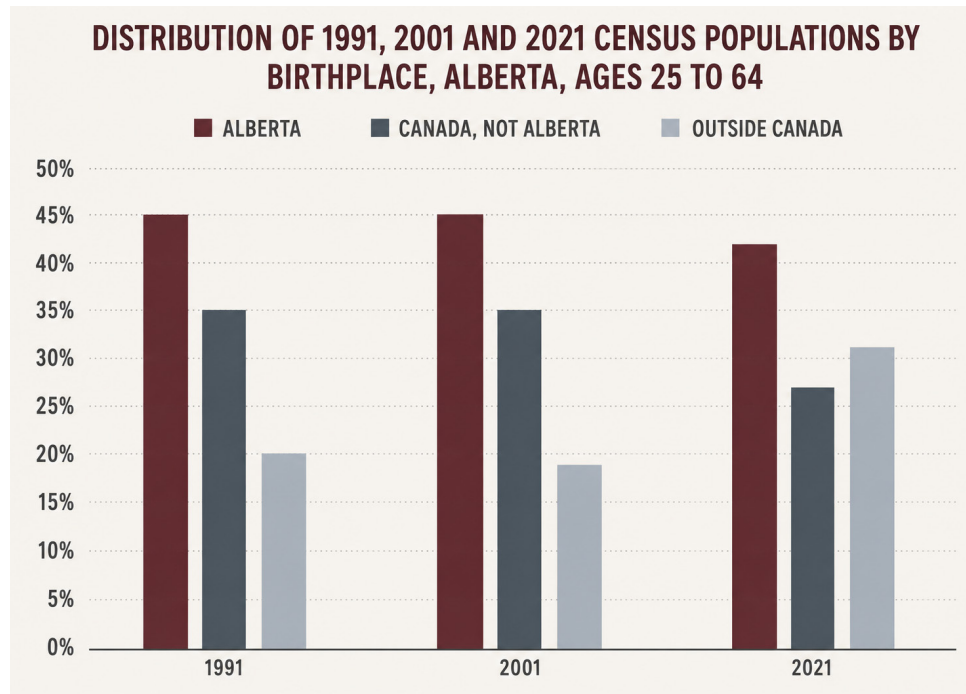
Alberta's Workforce Reality: Who will fill the jobs if separation turns Canadians into foreign workers?

Secession-curious Albertans should think about how a sovereign Alberta will find its labour supply. To date, growth of the Alberta economy, and expansion of its energy sector in particular, would not have been possible without high levels of interprovincial migration, immigration to Canada and interprovincial commuters from the rest of Canada. Separation from Canada could disrupt that critical flow of people contributing labour supply and also result in greater cyclical income risks for labour working in a sovereign Alberta.

One way to show the high dependence of Alberta's economy on interprovincial migration and immigration is to look at the birthplaces of Alberta residents. Canada census data differentiates between individuals born in Alberta from those born outside the province. Census data for 1991 and 2001 shows that 45 per cent of Alberta residents aged 25–64, the working-age population, reported Alberta as their birthplace. Up to 2001, about 35 per cent of Alberta residents were born in Canada but not Alberta, and immigrants (residents born outside of Canada) made up about 20 per cent of the working-age population as late as 2001.

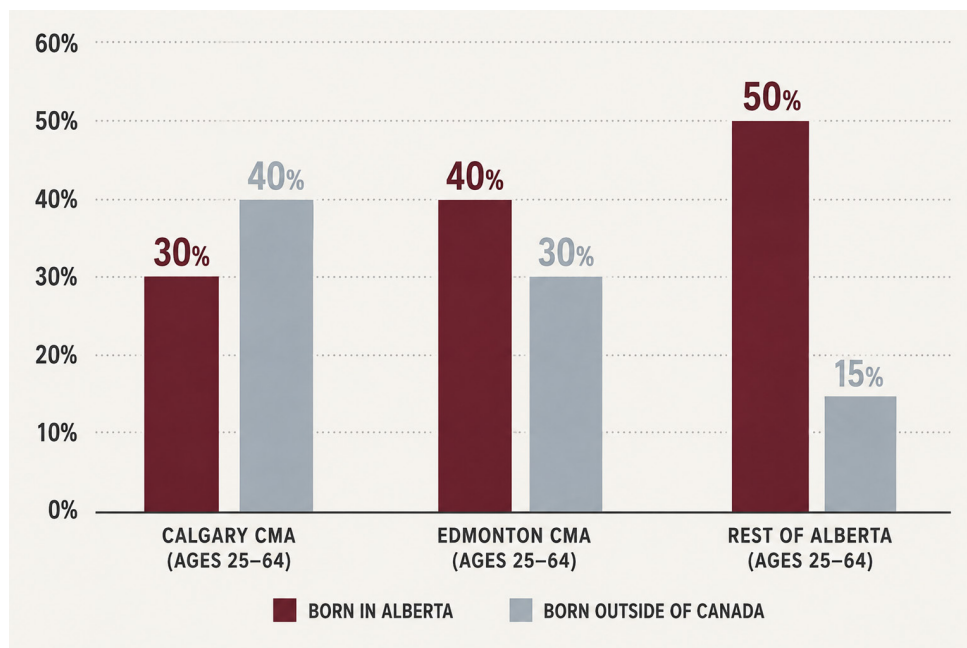
The 2021 census shows that migration and immigration remained key drivers of Alberta's population growth after 2001, but the origins of the province's residents became more diverse. The number of Alberta residents born outside of Canada climbed 10 per cent to make up 30 per cent of the province's population among those 25–64 years of age. Meanwhile, the number of Alberta-born residents and those born in Canada but not Alberta fell to 40 per cent and to 25 per cent respectively.

FIGURE 1



Notes: The 1991 and 2001 frequencies were obtained from Census of Canada, public use microdata on individuals accessed through SDA@CHASS, University of Toronto. The 2021 data was obtained from Statistics Canada Table 98-10-0326-01, Visible minority by place of birth and generation status: Canada, provinces and territories, census metropolitan areas and census agglomerations with parts.

Migration and immigration have contributed more to working-age population growth in the province's two largest cities, Calgary and Edmonton, than in other parts of the province. Immigration has had the strongest impact on the Calgary census metropolitan area (CMA) population aged 25-64, with nearly 40 per cent of the 2021 census count being born outside of Canada. Only 30 per cent of Calgarians aged 25-64 are Alberta born. For Edmonton residents aged 25-64, 40 per cent are Alberta born and 30 per cent were born outside of Canada. Alberta residents outside of the two largest cities have a higher representation of Alberta-born residents at 50 per cent and a much lower representation of residents born outside of Canada (15 per cent).

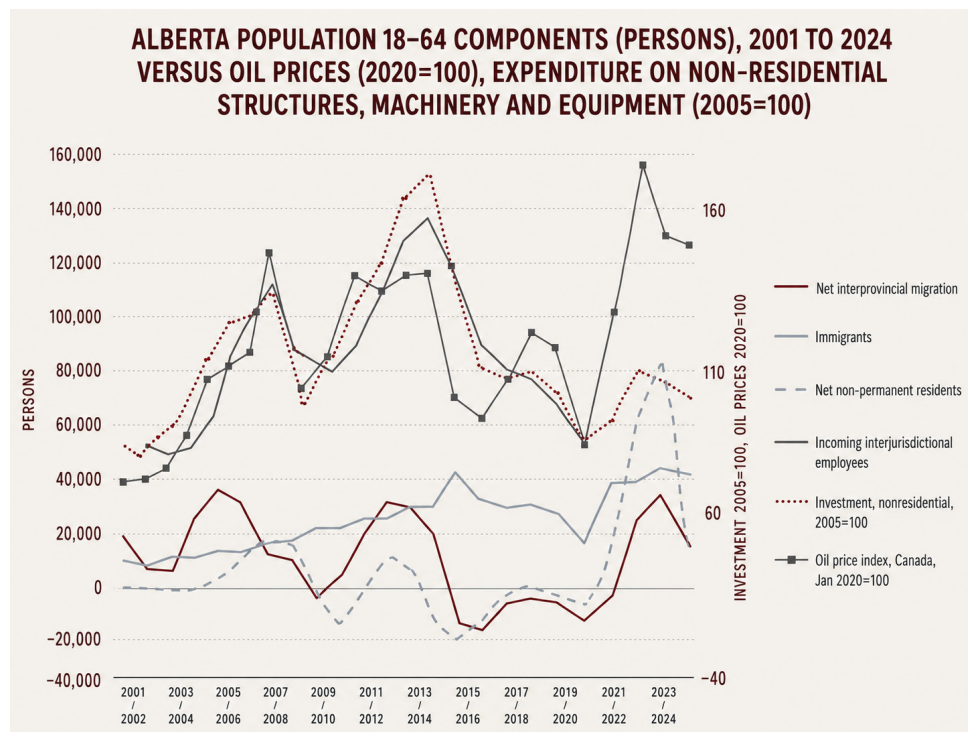


Census counts do not capture other important aspects of labour market integration across Canadian provinces that matter for investment and resource development. For example, migration of labour to Alberta has allowed for a relatively rapid labour supply response to increases in labour demand and evolving skills needs for the province.

Much of Alberta's post-secession economic plans appear to involve a sizeable increase of oil production for export. History shows that the drivers of labour demand in Alberta have been oil prices, which in turn spur non-residential investment expenditure. For example, Tony Keller of *The Globe and Mail* describes how the economy can gain from higher energy exports enabled by a new pipeline through British Columbia where "the windfall of private investment in building new oil sands facilities, followed by decades of higher oil sands output, would mean a new stream of incomes for Canadian workers and businesses, and more tax revenue for government" (Keller, 2026).

Figure 2 shows net-interprovincial migration has followed oil prices and investment cycles where in-migration has been more responsive to changes in labour demand than out-migration. Over time, immigration has grown in importance for Alberta's population growth and labour supply. Immigration brings in as many residents for Alberta as net-interprovincial migration in high labour demand years. Unlike interprovincial migration, annual immigration counts grew prior to 2016 in every year tracked. After that, the number of immigrants landing in Alberta each year levelled off, but immigration remained the strongest source of working-age population growth. Immigration numbers are not as sensitive to weaker labour demand as interprovincial migration, meaning immigrants are less likely than Canadian-born residents to leave Alberta when the economy slows.

FIGURE 2



Notes: Statistics Canada Table 14-10-0473-01, Count of interjurisdictional employees and resident employees by age group and sex, 2002-2021, inactive; Statistics Canada Table 17-10-0153-01, Components of population change by census division, 2021 boundaries. Oil prices are for conventional oil from Statistics Canada Table 18-10-0268-01, Raw materials price index, monthly. Expenditure on non-residential structures, machinery and equipment from Statistics Canada and Table 36-10-0222-01, Expenditure on non-residential structures, machinery and equipment from Gross domestic product, expenditure-based, provincial and territorial, annual (x 1,000,000)

But for energy development, Figure 2 suggests that by far the biggest source of labour supply has been workers commuting to Alberta for work who reside in another province. The numbers of interjurisdictional workers in Alberta track the oil price and investment spending cycles much more than interprovincial migration and immigration. Brian Jean, Minister of Energy for Alberta and MLA for the Fort McMurray region, objects to the high reliance of oil sands producers on fly-in, fly-out workforces. He has proposed that the government create incentives for companies to employ Alberta residents instead of relying on commuting workers. For interprovincial commuting workers, their income is taxed in their home province, and much of their spending is in their province of residence. This means they add to Alberta's labour supply without growing the province's resident population, which has been a source of contention over the years (McDermott, 2024, McDermott, 2023).

Can a sovereign Alberta attract the necessary size of labour supply to enable an increase in energy sector investment and oil production? Given the importance of migration for Alberta's labour supply, it should be clear that Alberta cannot count on its resident youth to complete their education and join the workforce in sufficient numbers to replace retiring or post-secession out-migrants and grow the province's labour supply. It is also important to recognize that even with high levels of migration, immigration and inter-provincial commuting, the province of Alberta has struggled with labour shortages in many occupations in health care, skilled trades, technology and the logistics sector.

So, can a sovereign Alberta count on Canadians to continue migrating to Alberta for work? Will immigrants choose Alberta over what remains of Canada? Will Alberta permit oil companies to bring in temporary, interjurisdictional workers to expand their operations?

If Alberta remains a province of Canada, the cost of relocating to Alberta is relatively low for interprovincial migrants. With Alberta as a province of Canada participating in national programs, such as employment insurance (EI), pensions and tax obligations, income security remains seamless. Alberta has benefited from the New West Partnership Trade Agreement (NWPTA) and the preceding Trade, Investment and Labour Mobility Agreement (TILMA) with neighbouring provinces. If Alberta were to enact separate programs post-secession that are not integrated, or at

least aligned, with programs in the rest of Canada, prospective migrants might treat relocation as more costly, or at least riskier. As a result, fewer workers might make the move, even if Alberta offers a higher average income than the rest of Canada.

Pro-separation from Canada voices suggest Alberta residents could expect to retain Canadian citizenship. However, they do not mention whether Canadian residents opting to migrate to Alberta would be granted Alberta citizenship. Post separation, would Canadians migrating to Alberta to work be considered immigrants and face additional costs for certain services or limits on access to Alberta government programs similar to those the United Conservative Party (UCP) seems to be pursuing for immigrants in the Oct. 19, 2026, referendum questions (Markusoff, 2026)? Such assertions are not certain.

For immigration numbers, this author expects that Alberta's five questions on immigration for the October 19 referendum could discourage newcomers from choosing Alberta over other opportunities in Canada. Newcomers may see Albertans as less welcoming than Canadians, as the October questions suggest that the full rights and privileges currently available to residents of Alberta and protected under the Canadian Constitution would be reserved for citizens of Alberta.

If secession compromises the integration of Alberta's labour market with Canada's, a sovereign Alberta may fail to develop its energy sector. Alberta's volatile energy exporting economy relies on flexible sources of labour that can adjust based on demand to prevent high unemployment and avoid downward pressure on wages. Absent interprovincial commuters, it is uncertain whether Alberta can attract the large number of skilled workers to meet the short-run, transitory oil sands labour demand to expand energy output. If investors and producers cannot find workers with the skills they need, there is a high risk that the investment to grow the energy sector will not happen. This would put much of the secession project's promised gains at risk.



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In addition to his role at Trimac, McCaig is chair and partner of Bantrel Co. and serves on the boards of Sagard Wealth and several private companies. McCaig is also co-owner of the Calgary Flames Hockey Club and chairs the Flames Foundation for Life, supporting community and charitable initiatives across Alberta.



Practical Friction: Consequences of Alberta separation for industrial and transportation businesses

Introduction

For industrial, transportation, energy and financial services businesses anchored in Alberta, what are the likely corporate and supply-chain consequences of separation? The most probable near-term effect is not a physical stoppage of trade but a durable increase in transaction costs. For example, new compliance interfaces, duplicated regulatory systems, increased working-capital requirements and a higher cost of capital. The circumstances would be broadly similar to the operating friction that came after the United Kingdom's departure from the European Union (EU).

However, businesses in sectors like aviation, trucking, rail and warehousing that depend on provincial or federal licences or approvals may face regulatory challenges sooner and more acutely than sectors governed primarily by private commercial arrangements.

The question: What would separation mean for business?

Public discussion of Alberta separation tends to focus on constitutional processes and political feasibility. But perhaps a narrower, more operational question is: if a formal separation process advanced, what would it mean for the day-to-day business conduct for companies headquartered in, or heavily dependent on, federal regulation. The framing throughout this paper is deliberately conservative. It does not assume there will be a hostile severance, blockade or an acrimonious breakdown in Canada-Alberta relations.

It also makes no assumptions about an immediate move to become a U.S. state or territory of the United States, like Puerto Rico or Guam. Instead, this paper focuses on what friction would arise even under a comparatively orderly, negotiated process and the premise that even the best-case operational scenario carries meaningful cost.

In analyzing the United Kingdom's experience after its withdrawal from the EU, Brexit did not, in most sectors, stop the physical movement of goods. What it did was introduce new customs interfaces, regulatory duplication and documentation requirements. Increased uncertainty raised the cost of doing business, compressed margins and, in some cases, redirected investment elsewhere. That precedent demonstrates that separation-type events generate their most significant economic effects through accumulated friction rather than through dramatic disruption.

Sectoral impacts

This section outlines the broad ways separation could affect foundational sectors of Alberta's economy, as well as key considerations for business across all economic sectors.

Transportation and logistics sectors

Transportation and logistics businesses, such as aviation, trucking, rail and warehousing, would be among the first to encounter the practical effects of separation. Even under a friendly, negotiated arrangement, Alberta-based carriers could face new interfaces that do not currently apply to interprovincial movement, including:

- Border procedures
- Customs documentation
- Operating authority
- Safety compliance
- Environmental rules
- Insurance regimes



A shipment moving from Calgary to Vancouver or from Edmonton to Regina could require administrative steps that do not exist today. Carriers would need to manage potentially divergent compliance standards across Alberta, the rest of Canada and the United States simultaneously. Specialized transportation, particularly dangerous goods carriage and energy-sector logistics, would be especially sensitive to any duplication of regulatory regimes.

Alberta's energy sector and market access

The energy sector, Alberta's largest industry, would face an unchanged geography after separation. Oil, gas, petrochemicals, electricity and related industrial products would still require reliable access through British Columbia, Saskatchewan, the United States and tidewater ports. Separation would not alter geology or infrastructure, but it would alter the framework used to negotiate and guarantee access to that infrastructure.

Pipeline and corridor questions would likely become more complex if Alberta no longer sat within the same federal constitutional and diplomatic framework that currently underpins interprovincial infrastructure development and dispute resolution. International customers and lenders would look for clarity on trade agreements, pipeline regulation, emissions rules, tariffs and dispute-resolution mechanisms before committing to long-term contracts. The core commercial risk is less an immediate inability to ship product and more a matter of negotiating leverage, permitting certainty and long-run market confidence.

Inventory and working-capital cost

Many Alberta industrial businesses currently operate on just-in-time inventory models with cross-provincial sourcing. Border uncertainty, new paperwork or regulatory delays would likely push companies toward larger safety stocks, duplicate-qualified suppliers and higher working-capital balances as a precautionary measure.

These adjustments are individually rational but collectively costly. Additional inventory reduces return on invested capital and absorbs cash that would otherwise support growth or shareholder returns. While prudent as risk management, supplier duplication raises procurement, quality-control and contracting costs. For large industrial companies operating on thin margins, even a modest increase in average inventory days can produce material balance-sheet consequences at scale.

Head-office governance and capital allocation

Boards and lenders systematically discount uncertainty, and a formal separation process would introduce uncertainty across a wide range of governance-relevant areas, including:

- Currency
- Taxation
- Securities regulation
- Pension obligations
- Court jurisdiction
- Allocation of public debt
- Continuity of existing contracts

In practice, these uncertainties are likely to manifest as delays rather than disruptions. Some companies would postpone major capital projects until the operating framework became clearer. Mergers and acquisitions activity could slow as buyers factor legal, regulatory and financing uncertainty into valuations. A subset of firms might explore changing the jurisdictions where they are legally based or where they operate to preserve continuity of access to Canadian markets and financing regimes during any transition period.

Labour mobility and workforce planning

Alberta's industrial base relies heavily on labour mobility from other provinces and federal immigration pathways. Separation would raise practical, near-term questions around credential recognition, health-care portability, payroll systems, pension continuity and immigration authority. These questions are typically resolved by default under the current constitutional arrangement and would need to be actively re-established under a new one.

For transportation companies specifically, driver licensing, dangerous-goods certification and hours-of-service rules would require equivalency arrangements with both Canada and the United States. Professional



accreditation for engineers, tradespeople and finance, legal and health-related roles could become considerably more administrative. Recruitment friction would matter most for remote project sites, energy services, construction and specialized industrial maintenance. These segments of the labour market already depend disproportionately on interprovincial and international mobility.

Banking, finance, insurance and contract considerations

Large Alberta businesses currently operate within integrated Canadian banking, payments, securities, insurance, pension and court systems. Uncertainty surrounding currency arrangements, central banking authority, deposit insurance, tax collection and the allocation of public debt would plausibly influence borrowing spreads and risk premiums across the economy, not only for government but for private issuers headquartered in Alberta.

Capital-intensive sectors, such as transportation, energy, agriculture, real estate and infrastructure, are particularly sensitive to small movements in financing costs. Lenders and insurers would likely require new risk language and contingency provisions in existing and future agreements. Customers and suppliers, in turn, might seek contract clauses addressing currency, jurisdiction, force majeure, taxation, tariffs and regulatory change. This would add negotiation time and legal cost to ordinary commercial dealings.

Bulk trucking case study: Trimac Transportation

Trimac Transportation's case illustrates friction rooted in cross-border operating scale. Trimac, headquartered in Calgary, is one of North America's largest bulk trucking carriers. It hauls dry bulk, liquids, chemicals and petroleum products for industrial and energy customers across Canada and the United States. Because so much of its business already crosses the Canada-U.S. border as a matter of course, Trimac is a useful test case for how an additional, newly created Alberta-Canada border might compound rather than simply relocate existing compliance burdens.

Bulk carriers of chemicals and petroleum products operate under some of the most compliance-intensive regimes in trucking. Hazardous materials placarding and handling rules, National Safety Code certification and

provincial-federal safety-fitness ratings all currently apply through a single, harmonized Canadian framework. An Alberta-Canada border would introduce a second interface on top of the existing Canada-U.S. interface, effectively doubling the number of regulatory boundaries a single Calgary-to-Ontario or Saskatchewan-bound shipment would need to clear, even before considering the pre-existing U.S. leg of many of Trimac's routes.

Operating authority for interprovincial and cross-border trucking currently rests on mutual recognition arrangements. For example, frameworks like the International Registration Plan and International Fuel Tax Agreement (IFTA) allow a single carrier registration to operate seamlessly across provincial and state lines. Separation would raise the practical question of whether Alberta-plated equipment would retain automatic standing within these frameworks or whether Trimac's fleet would need separate qualification, registration and safety-fitness certification to continue operating into the rest of Canada on the existing terms.

Driver licensing and hours-of-service compliance compound this picture. Bulk and hazmat endorsements are currently recognized uniformly across provinces. Any divergence would require either a formal equivalency agreement or duplicate certification for drivers based in Alberta but dispatched across the country. Insurance and liability coverage for hazardous cargo is already a significant cost line for bulk carriers. It would likely need renegotiation to reflect a new jurisdictional boundary, particularly for cargo moving between an independent Alberta and the rest of Canada.

The most probable outcome for Trimac is added administrative and compliance friction rather than an inability to move freight. Trucks would keep running but with a new layer of documentation, certification and cost stacked on top of an already compliance-heavy operating model. Trimac's case underscores how bulk and hazardous-goods carriers would likely feel the effects of regulatory duplication earliest and most acutely among Alberta's transportation businesses because they are already the most heavily regulated segment of the trucking industry.



Commercial aviation examination

Commercial aviation offers a particularly clear illustration of the friction thesis because so much of an airline's licence to operate is granted by federal authority rather than arranged commercially.

Several dimensions of Canadian airline operations depend on arrangements that are currently negotiated or maintained at the federal level. Bilateral air service agreements, including the Canada-U.S. Open Skies arrangement, are negotiated government-to-government. An independent Alberta would need its own internationally recognized authority to negotiate comparable route rights, or it would need transitional arrangements to preserve existing ones.

Airline operating certificates, safety oversight and airworthiness approval currently sit with Transport Canada. A new jurisdiction would need an equivalent civil aviation authority that is recognized by the International Civil Aviation Organization before existing airline certificates could be considered valid without interruption.

Aircraft leasing and fleet financing are typically denominated in U.S. dollars and structured against Canadian sovereign and regulatory frameworks. The jurisdictional uncertainty separation would introduce could affect lease terms, insurance rates and borrowing costs across the industry. Calgary International Airport also functions as a preclearance point for U.S.-bound passengers, which means continuity of Canadian Air Transport Security Authority (CATSA) security screening, NAV Canada airspace management and U.S. Customs and Border Protection preclearance status would all need to be re-established or explicitly preserved under any new arrangement.

Workforce questions compound these regulatory uncertainties. Pilots, flight attendants and maintenance staff operate under Canada-wide licensing, union agreements and pension structures, so the labour-mobility issues discussed earlier apply directly to unionized workforces and cross-provincial crew bases. Commercial arrangements, such as loyalty program partnerships, interline and codeshare agreements and credit-card affinity deals, are similarly built on an airline's standing as a Canadian carrier. Any ambiguity about national identity or treaty status could complicate these arrangements.

The likely near-term outcome for airlines is added negotiation risk rather than grounded aircraft. Flights would plausibly continue while underlying agreements were renegotiated. Aviation is nonetheless a useful bellwether

precisely because it sits closer to potential friction than most industries. Airline licences to operate are federally granted rather than commercially arranged, so it offers an early and relatively visible test of how quickly aviation-specific arrangements could realistically be replicated under a new jurisdiction.

Advice for boards, investors and policy-makers: A risk-ranking framework

The following table provides a comparative risk-ranking framework based on the authors' qualitative assessment of both the likelihood and the potential causes of friction in each risk area.

Summary of operating-risk areas by priority level

RISK AREA	PRIORITY	PRACTICAL BUSINESS IMPACT
Trade and border friction	Highest	More documentation, possible customs procedures, compliance interfaces and delay risk
Labour mobility	Highest	Credential recognition, driver licensing, immigration pathways, health care and pension portability
Investment uncertainty	Highest	Delayed projects, slower mergers and acquisitions (M&A) activity and hesitancy around expansion and head-office decisions
Cost of capital	Highest	Potentially wider borrowing spreads due to currency, credit and legal uncertainty
Airline and aviation authority	Highest	Route rights, operating certificates and airport preclearance status tied to federally granted authority
Tax and regulatory divergence	Medium	Duplicate compliance systems, differing standards, auditing complexity and reporting costs
Insurance and liability	Medium	Policy wording, jurisdiction, claims handling and coverage continuity requiring review
Physical movement of goods	Lower immediate	Trucks, railcars and pipelines continue operating with added friction, not immediate stoppage



Conclusion

From a corporate operating perspective, Alberta separation would function as a supply chain redesign exercise rather than a discrete shock. The largest costs would likely arrive as added transaction costs, duplicated regulatory systems, higher inventory requirements, delayed capital investment and reduced certainty for customers, suppliers, lenders and employees. This echoes the broad pattern observed in the United Kingdom's post-Brexit experience with the European Union.

Sectors, such as aviation, that depend on a federally granted, internationally recognized authority for their operating licenses would likely encounter friction earlier and more acutely than sectors governed primarily by private commercial contracts.

Bulk transportation, as seen in Trimac's case, would also face increased administration and compliance costs. Companies in this sector would likely feel separation's effects quickly and sharply.

This suggests that any assessment of separation's economic consequences should weigh regulatory dependency, not only trade volume or headline count, as a determinant of exposure.

Further research could usefully quantify the scale of these effects. For example, by estimating likely changes in average inventory days, borrowing spreads or route-authority renegotiation timelines under specific negotiated scenarios or by extending the sectoral analysis to agriculture, construction materials and other Alberta-anchored industries not covered in depth here.



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This paper is intended as operating-risk analysis rather than a legal opinion or constitutional analysis. Views expressed are those of the authors and do not necessarily represent the position of the Canada West Foundation.







ADAM LEGGE

Adam Legge is the president of the Business Council of Alberta. He has worked with the founders since day one of the organization to create something new and unique—an organization of business leaders advocating for shared prosperity and a better life for Albertans. Legge has spent more than two decades building and leading high-performance teams and organizations in business, public policy and economic development. He is a life-long student of economics and history and believes strongly in the ability of a team to create something remarkable.

He was the 18th president and CEO of the Calgary Chamber of Commerce where he transformed a struggling organization into a national and international award-winning entity. He was previously a director at the Haskayne School of Business and vice president and chief economist at Calgary Economic Development. He is the author of *Making Remarkable*. Legge serves on the boards of the Calgary Counselling Centre, the Vancouver Fraser Port Authority and several Calgary-based private companies.



Alberta's next chapter needs certainty

The case for remaining in Canada is not a defence of Ottawa. It is a case for protecting what Albertans have already built and the certainty needed to continue building Alberta's future.

Alberta has not been treated fairly by the federal government for decades, and one could argue Alberta's treatment has not been fair since the province joined Canada in 1905. This unequal treatment has created real frustration among Albertans, and for some, the conclusion is that separation from Canada is the only way to fix the unfairness.

These frustrations are legitimate and grounded in Alberta's experience. As of 2024, Alberta accounted for 11.9 per cent of the national population and generated 15.1 per cent of federal government revenue while receiving only 9.8 per cent of federal spending (Statistics Canada, 2025b, 2025c). That imbalance reflects a decades-long pattern in which the province has contributed more to the country's finances than it has received. It is compounded by an equalization formula that is heavily skewed against Alberta, its resource base and its electricity market.

The imbalance extends beyond federal revenues and spending. Lengthy and unpredictable approval processes for major projects, together with federal environmental policies that have disproportionately affected Alberta's economy, have also constrained investment and economic opportunities in the province.

These inequities are also evident in Alberta's representation and its share of federal investment. Nova Scotia and New Brunswick have more Senate seats than Alberta, despite both having lower populations (Government of Alberta, 2026, Elections Canada, 2022). Alberta receives less federal investment in defence, research, innovation and arts and culture than its share of Canada's population would warrant.

Based on analysis by the Business Council of Alberta, Alberta sees just \$246 per person in federal defence spending against a national average of \$510. Post-secondary institutions receive 11 per cent less federal research and development support than the province's population share would imply, and Alberta gets only six per cent of Canada Council for the Arts funding—about half its per-capita share (Government of Canada, 2025, Statistics Canada, 2025a, Canada Council for the Arts, 2025).

For those who call Alberta home, this unfair treatment is not a minor grievance. These issues deserve to be taken seriously, and they need to change.

There are tempting reasons to consider separation. Alberta could make its own rules and regulations, set its own priorities, develop its resources as it saw fit and take control of things many Albertans feel the province has no control over today. For those who have watched federal governments block projects, undermine investment, vilify industry and dismiss legitimate concerns, that prospect has real power. It is seductive.

Given the extent of the frustrations many Albertans feel toward the federal government, the grass may look greener on the separation side precisely because of that promise of setting our own rules and attempting to have more control over our own destiny.

However, separation is not the solution. Despite the imperfection of Canada and our place in it, there is a case for staying. That case is about certainty. Separation would replace the foundation of certainty Alberta has today with years of negotiation, questions and an outcome no one can guarantee.

An uncertain future

The promise of greater control through separation tells only half the story. A vote for separation would not create an independent Alberta the next day. It would begin a long, multi-year process in which some of the most fundamental questions about Alberta's future would have to be negotiated.

If it were to separate, Alberta would be a start-up nation. There is a scenario that, if everything went in Alberta's favour, separation could bring about positive economic benefits for Alberta and Albertans. But



that scenario requires a great number of factors to go right—as in many, many factors would have to go right. And Alberta would have no control over the vast majority of those factors. It would be relying on decisions made by others.

Public opinion across the rest of Canada suggests Alberta should not expect an accommodating negotiating environment. Ipsos polling found that 80 per cent of Canadians outside Alberta want Alberta to remain in Canada, while just seven per cent support separation (Ipsos, 2026). With little public appetite elsewhere in the country to facilitate Alberta's departure, negotiations over separation would likely be politically difficult from the outset. Beyond creating its own rules and regulations, there is virtually nothing that would be certain for Alberta following a vote in favour of separation.

A clear majority in favour of separation would create an obligation to negotiate with Ottawa, but it would not guarantee that Alberta could leave on its preferred timetable or terms. In fact, the Supreme Court of Canada has ruled that a province cannot unilaterally leave the country, and separation would require negotiations with the federal government and the other provinces, followed by a constitutional amendment (Supreme Court of Canada, 1998).

Further, the process of creating a sovereign Alberta would extend far beyond constitutional negotiations. Alberta's share of the national debt would have to be negotiated, along with borders and Indigenous treaty and territorial claims. The future of national assets, such as Banff National Park, Lake Louise and Canadian Forces Base Cold Lake would have to be determined. Alberta would need to establish its own systems and regulators for banking, taxation, aviation, telecommunications, railways and border security. Alberta would need its own military and the associated investment it requires.

Trade would bring another layer of uncertainty. Alberta would have to determine whether it could retain access to Canada's international trade agreements or if it would need to establish new arrangements with other countries and provinces. And Alberta would need to secure continued access to Canadian railways and ports for moving its goods and resources to market.

Additionally, unlike the global brand and equity built into the Canadian Maple Leaf, Alberta's flag would not be recognized internationally—or potentially even carry much meaning—for some time.

Then there are the issues that would touch Albertans and businesses directly. What currency would Alberta use? What would happen to interest and mortgage rates given Alberta has no sovereign track record for credit rating agencies to assess? What happens to benefits like Employment Insurance (EI) and Old Age Security (OAS)? Once Alberta is its own country, would residents need a passport to visit their friends and family in Saskatchewan or take a weekend trip to a cabin in British Columbia? What would happen at airports when flying between Alberta and the rest of Canada?

Most importantly, every Albertan should ask themselves one simple question: Can they be certain their employer, or their job, will still be here if Alberta chooses to separate?

None of these questions would necessarily be impossible to resolve, but that is not the point. The problem is that there is no way to know with certainty which issues would be resolved, on what terms or how long the process would take. That distinction not only matters enormously to an economy but also to individuals and families.

Businesses can manage and price many risks. What they cannot reliably price is the outcome of an unprecedented constitutional negotiation with no established timeline and no guaranteed outcomes. This uncertainty is already making it hard for some companies to raise money, and some are putting hiring decisions on hold until after the referendum. That's not good for Albertans.

The consequences of a newly independent Alberta would not simply stay inside boardrooms or the confines of constitutional negotiations. Instead, they would spill over into job markets, wages, mortgage rates, retirement plans and the cost of living. Most Albertans would struggle to live with this uncertainty for years, for they live in a reality where paycheques, monthly payments, plans for their children and expectations for their futures guide the way they live life.

That is why certainty is not an abstract concept but an economic necessity.



The case for Canada is certainty

While Canada stands to benefit significantly from Alberta remaining in the federation, particularly economically, many Albertans still find it difficult to clearly define what is gained by staying.

As imperfect as Canada may be, the strongest and most compelling argument for choosing Canada over a sovereign Alberta is certainty.

Canada provides Alberta with a stable currency, established laws and institutions, recognized financial systems, a national market and trade agreements that connect Alberta businesses to customers around the world. Canadians can live and generally work anywhere in the country, while goods, resources and people move across provincial borders without customs posts.

Alberta businesses use Canadian railways, pipelines, airports and ports. They reach international markets through agreements Canada has spent decades negotiating. All of this supports investment, jobs, household finances and public services. It gives businesses the confidence to invest and families the confidence to plan. It is one of the foundations beneath Alberta's prosperity.

The strength of that foundation is visible in Alberta's economy today. The Business Council of Alberta's Summer 2026 CEO Pulse Survey found that 65 per cent of chief executive officer (CEO) respondents expect Alberta's economy to improve over the next year, whereas only eight per cent expect it to deteriorate. What's more, 55 per cent plan to increase capital investment, and almost half expect to add employees (Business Council of Alberta, 2026).

Companies continue to invest in Alberta. Meta has recently announced more than \$13 billion for its first Canadian artificial intelligence (AI) data centre in the province. Dow's Path2Zero development near Fort Saskatchewan represents another major vote of confidence. Alberta is competing successfully for investment across energy, technology, petrochemicals, agriculture and infrastructure. These investments reflect confidence in Alberta's resources, talent and entrepreneurial culture. They are also being made within the certainty Canada provides as a place to do business.

The efforts of Alberta Premier Danielle Smith working with Prime Minister Mark Carney are also paying dividends. Canada and Alberta are working toward a new West Coast pipeline that could give Alberta's energy greater access to international markets. The two governments have agreed to streamline major project approvals, increase oil production, expand export capacity, scrap the emissions cap, abate the Clean Electricity Regulations and advance the Oil Sands Alliance carbon-capture project. These are the kinds of changes Albertans have demanded for years. Progress came because Alberta kept pressing its case, not because it stopped being part of Canada. And more progress is likely to come.

While this is not mission accomplished, and there is much more work to do, the recent progress demonstrates something important: Alberta can achieve change without leaving Canada.

Protecting what generations of Albertans have built

There are two potential paths before this province. One begins a long constitutional negotiation with uncertain outcomes for all Albertans. The other builds off a base of greater certainty and uses Alberta's existing economic and political strength to achieve a better deal within Canada. The second path is much stronger.

Choosing to remain in Canada does not mean accepting the status quo. The status quo is, in fact, not acceptable. While progress has been made, the ball, to a large extent, is in Ottawa's court as to how to demonstrate to Albertans that the federal government will address the unfairness driving many to want to leave. Canada needs a fairer equalization formula that recognizes Alberta's resource economy and electricity market. It also needs a faster, more predictable major project approval system. Alberta deserves federal representation that better reflects its growing population, along with a fairer share of federal investment in areas such as defence, research, innovation and arts and culture. These are legitimate issues that deserve meaningful action.

The debate is not about whether Alberta deserves better; it is about how Alberta gets there. Reflecting on the history of the unfair treatment of Alberta, it's also important to consider what makes this province so unequivocally special.



Generations of hardworking Albertans built the farms, businesses, energy projects and public institutions that are directly responsible for the province's prosperity. They worked the land, did business, developed resources, raised families and cultivated communities. They sold products across Canada, welcomed workers and families from every province, served in Canada's Armed Forces, led national companies and contributed disproportionately to the country's finances. Canada may have been born in the central provinces, but Alberta helped raise it.

The Canadian market, institutions and international relationships carry weight because generations of Canadians—including many Albertans—built credibility behind them. Leaving would not simply mean walking away from something Ottawa created. It would mean walking away from a home that Albertans helped finance, strengthen and define.

The case for Canada is therefore not a sentimental appeal of loyalty to a flag, and it is not a defense of Ottawa's decision-making. It's a case for building a stronger future without gambling away the certainty, opportunity and the hard-earned advantages Alberta already possesses. It's about maintaining the conditions for the next generation of Albertans to build even more.

Albertans must make their own decision, but this decision is too important to make on frustration alone, and it is far too important to sit out. Every Albertan must cast their vote on October 19. All Albertans must think about what they know for certain and what they would risk losing when it comes to their futures.

Alberta has spent generations building something remarkable. The question is not whether Alberta deserves better. Obviously, it does. The question is whether the best way to build that better future is to walk away from this foundation of all that is certain or to continue to be leaders within Canada and achieve more from the country it helped build.

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September 8, 1980, first ministers conference on the Constitution

AFTERWORD

Alberta in Confederation

In a series of opinion editorials, Canada West Foundation President and CEO Gary Mar explained why the Canada West Foundation undertook this work: to help Albertans move past slogans and assumptions and examine, with evidence, what a change in Alberta's constitutional status would actually mean. He makes that case in those editorials and in the Foreword to this volume. We do not repeat it here.

What follows is the independent view of the Canada West Foundation's Board of Directors, formed after considering the constitutional, economic, fiscal, Indigenous, trade, transportation and investment analysis assembled in this volume. It is distinct from the findings of any individual contributor and from the institutional neutrality that governed the volume's design. The Foreword does not tell Albertans how to vote. Neither does this Afterword. It tells them where the Board has landed and why.

The Canada West Foundation's work on whether Alberta remains in Confederation or leaves it has been undertaken with one objective: to provide thoughtful analysis of the consequences of the momentous decision Albertans are being asked to make this October. Informed voters matter. Albertans deserve as clear an understanding as possible of what each path may mean before exercising their constitutional right to decide Alberta's future within Canada.

The Foundation has been deliberate in its approach and in sharing its findings publicly. Our purpose is to ensure that Western Canada's priorities help shape national policy through non-partisan research, bold solutions and strategic engagement. We believe a strong and prosperous West strengthens Canada as a whole. That is the perspective we have brought to this work.

We do not doubt that the frustrations described in the separation debate are genuine. Nor do we believe Albertans are wrong to feel them. Ted Morton's chapter puts a number to that ledger. By his accounting, Ottawa has taken a net \$631 billion out of Alberta since 1961, including \$322 billion since 2007 alone, an average of \$16 billion a year over just the past decade. Equalization, pipeline delay, energy and climate policy, interprovincial trade barriers and thin representation in national decision-making have compounded the sense that Alberta has contributed more than it has received. A federation that wants to keep the loyalty of every region it comprises owes Alberta a serious answer to that ledger. Ottawa's response to date has too often fallen short.

Grievance and separation are not the same question. The second does not resolve the first as cleanly as it may seem. Even Morton, whose chapter makes this volume's strongest case for why Albertans are asking the question at all, concludes that leaving "would have its own risks and costs, many of which are almost impossible to know in advance."

What is asked of Albertans on October 19 is not a referendum on whether Ottawa has treated Alberta fairly. It is a referendum on whether to begin a legal process whose end point, full independence, would have to be negotiated, financed and defended on terms Alberta does not yet control and cannot presently know.

Dwight Newman's chapter confirms that Canadian constitutional law does permit secession but only through a valid constitutional amendment and extended good-faith negotiation. There is no guarantee of a quick result or that the result would match what proponents currently envision. Audrey Doerr's chapter shows that the treaties underlying this land predate the province itself and that Indigenous governments would be central parties to any negotiation. Unwinding arrangements built over generations, as she puts it, "would be of unlikely benefit to anyone." Greg Anderson's chapter shows that Alberta's accession to the international agreements it would need for business as usual cannot be assumed. CUSMA has no accession clause at all, and others would require Ottawa's cooperation. Alberta, in his words, is "diplomatically and bureaucratically unprepared" for that undertaking.



On the fiscal and economic questions, the numbers are no more comforting. Paul Boothe's chapter applies the lessons of the 1995 Quebec referendum to Alberta's own position. He finds that gross public liabilities per Albertan would rise from roughly \$27,000 to as much as \$80,000, even under the debt-division method most favourable to Alberta, with a corresponding decline in credit rating and a higher cost of borrowing. There is no clear legal basis for dividing the Canada Pension Plan. Albertans would likely lose the portability of health care and post-secondary education they take for granted within Canada. And an independent Alberta would face real difficulty getting anyone to accept a new Alberta currency, leaving it to either keep the Canadian dollar or adopt the U.S. dollar and give up any influence over monetary policy in the process.

Boothe finds that Alberta would be worse off on every fiscal question he examined. Lennie Kaplan, working from a different starting point, reaches a similar bottom line: the fiscal and economic costs "could be substantial." The terms would be settled through a political process carrying costs no spreadsheet can fully capture, and "an independent Alberta will need to tread very carefully."

Jeffrey McCaig, our fellow Board Director, illustrates what those costs could mean inside an actual business. Separation would function less like a single shock than a slow redesign of supply chains, with added transaction costs, duplicated regulatory systems, larger inventories and delayed investments. The friction would hit hardest in sectors like aviation, which depend on federally granted, internationally recognized operating authority.

Sovereignty would give Alberta greater control over decisions it now shares with the rest of Canada. That is true. It is not a small thing. But it would not hand Alberta the benefits of independence while leaving the costs to be worked out later. Alberta would have to take on responsibilities that are currently shared: a portion of the national debt, monetary arrangements, pensions, international treaties and relationships with other countries.

Some of these costs can be estimated with reasonable confidence. Others cannot. They would depend on negotiations, and Alberta would not be the only party at the table.

This volume focuses on the constitutional, economic and fiscal dimensions of independence. Those are the questions Albertans have asked most directly. But there is a broader context that should not be ignored. Canada's institutions, federal, provincial and municipal, are already being tested by organized hate, extremism and violent attacks that cut across jurisdictions and demand coordinated responses. Building the institutions a sovereign Alberta would require from a standing start would be a significant undertaking under any circumstances, including its own security and defence apparatus, border and immigration enforcement, and diplomatic and regulatory relationships. Doing so while existing shared institutions are already under strain adds another risk. It lies outside the expertise of the contributors to this volume, but the Board believes it should nonetheless be considered.

Adam Legge closes his chapter by telling Albertans that this decision is "too important to make on frustration alone, and it is far too important to sit out." Every Albertan, he writes, must weigh what they know for certain against what they would risk losing.

The Board has done that same work.

Having considered the evidence assembled in this volume, the Board of Directors of the Canada West Foundation has reached a conclusion. The uncertainty is too great and the risks too significant for Alberta to pursue independence from Canada.

That conclusion does not dismiss the frustrations that brought Alberta to this referendum, nor does it suggest that Confederation is working as well for Alberta as it should. It is not. But the evidence presented here leaves the Board unconvinced that independence offers Albertans a better path. The costs and uncertainties are substantial, while many of the possible benefits depend on negotiations and outcomes no one can guarantee. Those risks would be borne by Albertans through their pensions, mortgages, jobs, businesses and communities, potentially well before any of the benefits of independence could be realized.

This judgment belongs to the Board, not to the volume's contributors. It does not diminish the seriousness of their work or the legitimacy of the choice before Albertans, who alone will decide how to vote on October 19.



Peter Lougheed's answer to Pierre Trudeau still holds: on the question of who speaks for Canada, we all do. Albertans, in this referendum, will speak for themselves. Ted Morton closes his own chapter hoping the Carney government will embrace what he calls "Lougheed's oft repeated challenge: a strong and prosperous Alberta makes for a strong and prosperous Canada."

We share that hope. Our conclusion is that Albertans are better positioned to make this a reality as a full and equal partner within Confederation than as a new and untested sovereign state. This is the work this Foundation has pursued since 1971.

When the West leads, Canada thrives. We believe that remains true.

Alberta's best opportunity to lead, in energy, trade, fiscal responsibility and the next chapter of Confederation, lies in staying at the table, not leaving it.

On behalf of the Board of Directors
Canada West Foundation

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- Audrey Doerr for her insights into the impact of separation on the constitutional and legal protections afforded Indigenous Peoples.
- Greg Anderson for his analysis of the practical tasks facing a sovereign Alberta with respect to international agreements, treaties and conventions.
- Paul Boothe for his examination into the lessons Alberta can learn from the 1995 Quebec referendum.
- Lennie Kaplan for his in-depth analysis of the economic and fiscal impacts of Alberta separation.
- Herb Emery for his insights into whether separation would disrupt the critical flow of people contributing to Alberta's labour supply.
- Jeffrey McCaig for his perspective on the corporate and supply-chain consequences of separation on Alberta-based businesses.
- Adam Legge for his perspective on the uncertainties and risks Albertans could face should Alberta separate from Canada.

Their thoughtful contributions have enriched the discussion and helped make this publication possible.

