

ALBERTA SEPARATION IS BAD FOR WORKERS AND THE ECONOMY

Issue Brief

Alberta separatists are collecting signatures until May 2, 2026, as part of their campaign to convince the United Conservative Party (UCP) provincial government to call a referendum on Alberta separating from Canada to become an independent country. If the UCP government goes ahead with a referendum, it is likely to occur between the fall 2026 and May 2027. Alberta's next general election is scheduled for October 2027, but the UCP could move the general election up to hold it simultaneously with the referendum on separation.

Alberta separating from Canada to become an independent country would be bad for Alberta workers and the economy for several economic, political, and logistical reasons. If a majority of Albertans voted to separate from Canada and become an independent country, and if Alberta was then able to overcome the complicated, multi-year process of separating from Canada and negotiating with Indigenous nations, an independent Alberta would be a landlocked country that would face huge challenges, including:

- Alberta's access to international export markets for oil, natural gas, agricultural products, machinery, and other goods would be dependent on Canada or the US.
- Related economic instability and decreased global influence (Canada is a Group of Seven (G7) nation with many international trade deals).
- Developing national laws, standards and regulations, including labour laws – will workers be allowed to organize unions?
- Establishing national institutions, such as a tax agency, a central bank, postal services, immigration services, Employment Insurance, an Alberta Pension Plan, health care, education, military, police services, and foreign affairs.
- Replacing the many workers, businesses, and the related tax base that moves from Alberta during the separation process.

Alberta's access to pipelines across Canadian and US territory may not be automatic and may require negotiating trade deals. The cost of pipeline access may go up because Alberta's export dependence would grant Canada or the US leverage in the negotiations. These dynamics would greatly affect Alberta's economy and government, including the Government of Alberta (GoA) revenue levels, debt levels, and higher interest rates due to Alberta's reduced credit rating.

Furthermore, Alberta consumer prices could be much higher than they are now for groceries and other goods imported from Canada and the US. Alberta workers are already struggling to pay for groceries, housing, and other necessities.

An independent Alberta government and economy would lose the international influence of being part of a G7 nation and economy, and Alberta would lose the risk-sharing of being part of a larger federal fiscal and social structure.

Alberta would need to replace costly Canadian federal infrastructure (e.g., taxation, policing, border services, post-secondary education funding, post-secondary student loans, research and innovation funding, health care, dental care and childcare funds, and pensions and retirement funds (Canada Pension Plan, Old Age Security, and Guaranteed Income Supplement)).

The existing Canada – Alberta Labour Market Development Agreement would be torn up. This agreement covers important issues, including Employment Insurance, interprovincial labour mobility, and national sectoral councils. Labour mobility in and out of an independent Alberta may be restricted and more complicated than at present. There may be a loss of Canadian labour supply to Alberta job sites (such as oil sands facilities) and a loss of Alberta workers' ability to travel to Canadian provinces and territories for employment (on construction projects, for example).

As alluded to above, the finances of the new national Government of Alberta would be much worse than the current finances of the provincial GoA. Alberta currently has the lowest net debt relative to the size of our economy among the Canadian provinces. Alberta's debt interest costs have increased in recent years, and the province's fiscal exposure to international oil prices seems to be becoming a bigger problem (have we seen the last oil price boom?), yet for now the GoA is in a relatively good fiscal position compared to its peers. If Alberta became an independent country, its fiscal fortunes would nosedive and likely before Alberta became fully independent after years of legal and financial negotiations with Canada and Indigenous nations.

Challenges

Here are some big financial challenges that an independent Alberta will face:

- Many workers and companies would leave Alberta before it became an independent country.
- Alberta's universities and colleges would need to train more workers in many occupations and sectors that are critical for Alberta's economic success (e.g., construction and health care). Many physicians, nurses, teachers, professors, and skilled trades workers will leave Alberta before it becomes officially independent.
- Alberta would need to develop many standards and regulations to replace the Canadian ones. Standards, regulations, and legal and economic stability affect a country's ability to attract foreign direct investment and immigrants with skills and money to contribute to the economy.
- Alberta would lose out on the many federal programs and fund-sharing agreements that we mentioned above.
- Alberta would no longer receive financial transfers from Canada. In 2025-2026, major Canadian federal transfers to Alberta included a \$6.6 billion Canada Health Transfer and a \$2.1 billion Canada Social Transfer.
- Alberta would need to assume part of the Government of Canada debt. Alberta's portion could be \$75 billion to \$100 billion.
- An Alberta Pension Plan would be much smaller and provide lower benefits than the Canada Pension Plan.
- Alberta would need to develop or adopt a national currency.
- Alberta would need to negotiate international trade deals and would not be in a strong position to do so.

In sum, there would be significantly less funding for Alberta public services, the tax base would be much smaller (from fewer workers and fewer large businesses), the debt levels would be higher and so would the debt interest rates with a worse credit rating, and the GoA would be more fiscally exposed to international oil prices. The GoA would have less revenue but need to deliver more services by itself without federal support or cooperation.

Examples

Here are some recent examples of economists explaining the many ways Alberta separation will be bad for workers and the economy:

May 2, 2025, CBC, “Western secession is all the rage. How would an independent West fare economically?” <https://www.cbc.ca/news/politics/western-secession-economy-1.7524422>

May 30, 2025, Jim Stanford, “Alberta’s economic pie is bigger than ever. But working Albertans aren’t getting their share of it.” <https://centreforfuturework.ca/2025/05/30/albertans-economic-hardship-reflects-provincial-policy-choices-not-attacks-by-the-rest-of-canada/>

November 7, 2025, Lennie Kaplan. “Alberta separation could cost \$130 billion over the next decade.” <https://troymedia.com/politicslaw/alberta-politics/alberta-separation-could-cost-130-billion-over-the-next-decade/>

January 9, 2026, Moshe Lander on Alberta Primetime, “Alberta independence would go ‘terribly badly’: economist”. <https://www.ctvnews.ca/edmonton/alberta-primetime/article/alberta-independence-would-go-terribly-badly-economist/>