
Island Alberta

Even to propose an Alberta Pension Plan is harmful

By CURTIS GILLESPIE



AS A YOUNG BOY GROWING up in the barren yet beautiful suburbs of northwest Calgary in the early 1970s, I remember feeling that the place still felt new, a blob of provincial protoplasm awaiting maturation. The election of Peter Lougheed's Progressive Conservative party and the advent of big oil revenues set Alberta's course, and it hasn't changed much since. But although Peter Lougheed was liked in our house, Pierre Trudeau got even more love. I am a fifth-generation Albertan, and if my parents were proud Albertans, they were ardent Canadians.

It wasn't until I went to university that I found out most of the people I knew from Calgary thought Pierre Trudeau was all but a criminal. No one in my family had much to do with the oil patch, even though in the early 1980s I did have a summer office job at Gulf Oil. During that time I was vaguely aware of this thing called the National Energy Program (NEP) that people were mad about, but the province seemed prosperous enough and so did Canada. From the point of view of a young Canadian living in Alberta, Canada seemed like a pretty great place to hail from, a plucky country that punched above its weight and mattered in a moral sense, a country the rest of the world looked up to and admired.

Unfortunately, this was also when the hypersensitive Alberta psyche was in its most malleable state, a time when our provincial lava boiled out onto the open prairie and got moulded into something angry and contorted. Ottawa was the enemy. We were getting ripped off. We were being exploited. The feds were taking us for suckers. Trudeau gave some western Canadian protesters the finger and we were going to let those eastern bastards freeze in the dark. End of story.

Except it wasn't. Grievance politics became entrenched in our brains, and it has warped our entire political outlook ever since. There's always a fight. Take your pick. The NEP. Equalization payments. A provincial police force. Senate reform. Carbon taxes. Pipelines. Health transfers. Quebec favouritism. The latest expression of this irascible political posture is the United Conservative Party proposal to decouple Alberta

from the Canada Pension Plan and create our own Alberta Pension Plan. It's an idea so dumb, so patently immature, it almost doesn't merit discussion. But it is evidence of something it pains me to say, which is that we *are* suckers, and we *are* being exploited. Ottawa, however, isn't the perpetrator. We're being exploited by our own victim narrative. And it's hurting us in the long run, no matter how satisfying the rage and self-pity feel in the moment. The current conflict is being dressed up by Danielle Smith as fighting for Alberta, but in reality she's taking advantage of our inclination to be aggrieved.

We are not victims. We are not persecuted. We are not hard done by. We're missing the point.

ALBERTA BECAME A PROVINCE ON September 1, 1905. On September 2, 1905, Alexander Rutherford, the province's new premier, lashed out at the federal

government for ignoring the long-standing concerns of Albertans. I'm joking, but only partly. Over the ensuing decades, various skirmishes broke out between the province and Ottawa, becoming a coherent pattern after Leduc #1 in 1947, and erupting into open battle with the unlocking of the oil sands in the 1970s—once Alberta became flush with money, in other words. Money it began to resent having to share.

The never fully settled question hovering over this decades-long pattern is not so much whether the disagreement(s) actually exist, but rather which larger forces are generating them. Having your car break down is the problem immediately in front of you, but it might not be the manufacturer's fault if you've never changed your oil. If Alberta has a problem with Ottawa, what is the problem, and what caused it?

The briefest answer to whether Alberta has a problem with Ottawa is to just say yes. That's reality. But so does every other province. It's inherent in the nature of the relationship. We must bear in mind that provinces are not partners with the federal government, or at least not equivalent partners. The federal government necessarily has a different set of concerns and responsibilities than a provincial government, a broader scope, a wider lens. If it didn't, our country would turn inward and parochial (as many others have). But too often both levels of government use this difference in roles to

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generate friction and feign action, rather than as a platform for collaboration and compromise. The process morphs from policy into theatre.

"I do think the APP idea is grievance politics," says the *Globe and Mail's* Calgary correspondent, Kelly Cryderman. "If you look at it from Danielle Smith's point of view, we're talking about an Alberta-first policy. Alberta does have the power to withdraw, but everybody agrees it would be detrimental to the national plan. It's absolutely about making a point."

It was Albert Camus who said, "The need to be right is the sign of a vulgar mind." There is, increasingly it seems, a petulance to the never-ending hue and cry from Alberta that we are hard done by. Where is this from, this aggrieved sense of injustice that comes across too often as immaturity, like a teenager yelling that no one understands them and it's all so unfair and they're just going to move out and show you and then when they're gone, you'll be sorry!

In diagnosing the root causes of our provincial persecution complex, so that we can assess more clearly how even floating, let alone implementing, the APP might (further) damage Alberta reputationally, we can probably limit ourselves to the two most significant contributors. Those would be the NEP and equalization payments.

MAKE NO MISTAKE, THE NEP WAS PANIC-driven by the skyrocketing cost of imported oil at the time. The National Energy Program, federal policy from 1980 through 1985, was intended to keep energy affordable for all Canadians and to secure our supply independent of the world oil market. It harmed Alberta's economy not just through enforced pricing but because Lougheed cut production to force Trudeau to the negotiating table. This negotiation did eventually happen and resulted in the Western Accord in 1985, a deal that mitigated but didn't repair the harm. However, for a Canadian prime minister *not* to have taken every step possible around national energy security in the late 1970s and early 1980s would have been political malpractice. The way Trudeau went about it was haughty and he got the process wrong, but the overarching goal made sense in context.

The real problem is that the NEP is too often viewed as a simplistic, binary issue. Ottawa was evil and Alberta got screwed. Except that's not *quite* how it went. We know that Suncor and Syncrude drove the development of the oil sands and therefore created much of Alberta's prosperity. What people forget, or



don't know, is that when Syncrude was under construction in the mid-1970s, it had four partners—Cities Service, Imperial Oil, Royalite/Gulf and Atlantic-Richfield. One day in late 1974, suddenly and with very little notice to its partners, Atlantic-Richfield pulled out, citing a shift to Alaskan exploration (which may have been simply the excuse it used, as it was unhappy with Lougheed's royalty terms). A mad scramble ensued, as Lougheed's dream for Alberta's resource

prosperity looked to be in jeopardy.

And who stepped in to save the project? The federal government, that's who. Yes, Pierre Trudeau. Atlantic-Richfield owned 30 per cent of the Syncrude venture. Trudeau and his government quickly agreed to make up half of the shortfall, buying 15 per cent. The Lougheed government invested 10 per cent, and the province of Ontario chipped in 5 per cent. In other words, Syncrude, the giant of the Alberta oil sands, might have foundered had Ottawa not stepped up to the plate.

But that's not all. Lougheed also negotiated a new deal with the Trudeau government to let Syncrude treat profit-sharing between Syncrude and Alberta as a standard royalty for tax purposes, thereby allowing for the deduction of royalty payments from federal tax owed. This was a substantial concession from Ottawa, one that Syncrude might have been dead without.

Did the NEP harm Alberta? Yes. Was it about snooty Ottawa trying to stick it to those hicks in Alberta? No. Trudeau simply put national interests ahead of provincial interests, as you would expect any prime minister to do. (Note that Conservative leader and would-be-PM Pierre Poilievre opposes Alberta creating its own pension plan.) To claim that the NEP, as bad a policy as it was, was evidence that Ottawa had it in for Alberta is to misread events. It was simply that one province had what all of Canada desperately needed, and the prime minister made that one province supply it cheaply.

To use the NEP as a stick to continue to beat the feds with, without seeing the larger context, is to misinterpret both the symbolism and the actual development of the industry. The oil sands resource has been responsible for the prosperity of millions of Albertans and other Canadians, but it would probably not exist in its present form without the direct financial investment of the federal government. The NEP was a bad policy and Brian Mulroney was right to kill it after he got elected (though he did leave parts of it in place for over two years), but it was not evidence of an Ottawa conspiracy to defraud Alberta of its rightful assets.

THE OTHER OTTAWA BONE of contention Alberta has been gnawing on for decades is that of equalization. This one is dealt with rather easily since the gripe most Albertans have is due to a misunderstanding of the concept. University of Calgary economics professor Trevor Tombe has said that most people don't understand how equalization works. In 2018 he wrote, "Much of the anger—especially in Alberta and Saskatchewan—is stoked by commentators and politicians who are deliberately fanning the flames," and that, "it's up to each of us to be informed about how equalization actually works."

The three major transfer programs in Canada are the Canada Health Transfer, the Canada Social Transfer, and Equalization. The first two distribute funds according to population. If Ontario's population is three times that of Alberta, it will get three times the money. Roughly 75 per cent of all federal transfer payments are bound up in these first two programs. Equalization payments comprise the other 25 per cent and they are distributed through a formula based on what a province's revenue would be if all its tax rates tracked the national average. Again, simple math. Equalization, Tombe writes, simply tops up provinces whose tax revenue falls below the national average.

In a country as vast and disparate as Canada, a strong nation-building case can be made for such federal transfers. A Canadian living in Moncton, New Brunswick, should have access to roughly the same level of services as someone living in Regina, Saskatchewan. Equalization payments are the financial weave of the broader social fabric we profess to embrace as Canadians; namely, a dignified existence and fair opportunity for all.

We in Alberta do pay more into equalization (gross, not rate), but as Andrew Coyne so succinctly put it in a September 27, 2023, *Globe and Mail* column, Albertans pay more simply because we make more money. "As a federal program," he writes, equalization "is funded out of federal taxes, which, again, Albertans pay at the same rates as citizens of other provinces... And yet people who should know better, including some economists, continue to bandy about [the idea that Albertans pay more into the federation than they get out] as if it held any meaning. It might politely be described as a false correlation—it's not Albertans, as a group, who pay more than they draw out, but rich people. Less politely, it's a lie. But it's a useful lie, as we can see in its latest deployment."

The point, writes Tombe in a different article, is that being part of a federation allows us to pool and therefore dilute risk. A rich province contributes when it's doing well and receives funds when it isn't. Even after a recession, Alberta's economy remains stronger than any other province's, which is why we continue to be net contributors to equalization. "Recognizing this is not defeatist or anti-Albertan," Tombe writes. "We have to recognize our strong position in Canada relative to other provinces if we're to have any hope of understanding why fiscal balances are what they are. The pandemic may have upended the typical patterns, but it also starkly revealed the value of being part of a broader whole. When grievances directed at Ottawa are inflamed once again, we should keep this value in mind."

What happens if the UCP goes through with the APP and Alberta gains but the rest of Canada suffers?

THE OFFICES OF FEDERAL Minister of Finance Chrystia Freeland and the Alberta Pension Plan panel were quick to respond to my questions, though the promptness of their replies was not matched by their specificity. Freeland's office referred me to a press conference she'd given after a finance ministers' meeting in December, in which they'd kicked the APP can down the road by saying their staff were going to hold further meetings to talk about how to talk to the chief actuary at some unspecified future date. Freeland's office's response to me was the definition of slow-walking an

issue in the hope it might dry up and blow away.

The APP panel's response to numerous pointed questions was even more content-free. They wrote, graciously, that "the panel is giving the office of the chief actuary of Canada some time to release its findings" and hopes "to hear back soon." The actuary is determining what percentage of the CPP's assets Alberta would be entitled to take if it left the plan. Smith's government claims the province could keep \$334-billion, or just over half of the CPP's total assets.

Graham Thomson, a long-time political commentator, did not resort to similarly analgesic language when asked about the APP and the overall pattern the idea falls into with the UCP. Thomson notes that Alberta premiers have usually favoured pragmatism over ideology. Small-government Peter Lougheed bought airlines and pipeline companies because he thought Alberta wasn't being well served by the market. Environmentalist Rachel Notley supported the oilpatch because she knew the local economy would collapse if she didn't. Where does Danielle Smith fit into this pattern?

"Her ideology is purely situational," said Thomson. "She talks like a libertarian but will give Calgary

\$300-million for a new arena. This is someone who isn't very nuanced, who was pushing Ivermectin and hydroxychloroquine during the pandemic, who tends to look at things very superficially. I don't think she's actually thought through this APP idea thoroughly, even though she's been talking about it for awhile."

Ken Boessenkool, an influential conservative activist who tried to get Smith kicked out of the UCP leadership race, co-wrote an article with University of Alberta professor Jared Wesley positing that Smith could not even really be called a conservative and that her politics amounted to "libertarian-laced populism, directly opposed to the sort of principled, incrementalist politics Albertans have appreciated from conservative governments in the past." Smith, they wrote, "shows little understanding or respect for the rules and norms that guide our democracy," and that her attraction to quackery and plain lack of knowledge raise "serious questions about her judgment and the ability of her advisers to provide her with a factual basis to make important decisions."

I don't know about you, but that sounds like exactly the type of person I'd want in charge of my pension.

Says the *Globe and Mail's* Cryderman, very few people inside or outside Alberta want the province to pull out of the CPP, simply because "nobody wants the chaos." And while "energy policy or climate policy might not affect every person in this country in a real individual way, pensions do."

Thomson has no doubt the issue is further damaging Alberta's already tarnished reputation across Canada, possibly irreparably. "Of course it is," he says. "I mean, Smith wants other Canadians to join in a fight with the federal government. But, 'Oh, hang on a minute; do you mind if we completely undermine your pension plan while we're at it?'" Smith just doesn't have the political imagination to see shades of grey, he says. She's in the cab of an Albertans-only train running out of control and thinks pulling the airhorn demonstrates a steady hand on the throttle. "There is so much risk in [the Smith government's] APP strategy, but if you try and put it in terms of common sense to them, they don't hear you."

IT'S ALSO COMMON SENSE TO LOOK at the plain facts on the ground. If Alberta were being so appallingly exploited by those Upper Canadian parasites, wouldn't this be a pretty dire place to live? Why do people continue to flock to this province, why do we have the youngest and best-educated population in Canada, how does Edmonton now have the largest office tower

in Canada west of Toronto, how did Calgary manage to create such a thriving film and television production scene, how is it that such prominent political leaders as Pierre Poilievre and Chrystia Freeland hail from Alberta? How have we managed all this under the tyranny of Ottawa? I guess it must be because we're so exceptional, so extraordinary, so *Albertan*, that we can thrive even under this obscene oppression.

Or—here's an idea—could it be that we're doing okay *because* we're part of Canada?

Sadly, the damage to our reputation has surely already been done. Whether Alberta leaves the CPP or not, the rest of the country probably already considers Alberta unreliable, a less than trustworthy member of the confederation and possibly even unhinged. The APP toothpaste isn't going back in the tube. It's not like chatting about which movie to watch on Netflix. If you say to your partner over dinner one night, "I wonder what our lives would be like if I left you and took all my possessions and lived my own life but still wanted to have sex with you every now and then?

We'd still be happy, right? I mean, I'm not saying I'm going to do it. But, you know, legally, I could."

Imagine an alternative universe, one in which a premier of Alberta declared the province a proud member of Confederation willing to do whatever it took to make Canada successful, not just Alberta. Imagine the goodwill. Ottawa doesn't put Alberta first, but that's not Ottawa's

job. Alberta doesn't put Ottawa first, because that's not Alberta's job. I get it. But aren't we all Canadians? The point is Alberta benefits from being part of Canada.

What happens if the UCP goes through with this and Alberta gains but the rest of Canada suffers? If we as a province think we're already targeted, just wait until every other Canadian's pension is worth less and costs more. If portability annoyances can't be resolved or if the APP creates more red tape, not only will non-Albertans be furious, so too will Albertans. Merely floating the APP question has already demonstrated to the rest of Canada that we're not all that committed to the relationship. Real-world problems will generate even less goodwill toward us.

The small house of my youth on the slopes of Nose Hill was packed full of optimism and goodwill towards my province and my country, both of which I grew up believing were examples of good sense and shared purpose at home and abroad. I don't feel that way anymore. ■

Edmonton's Curtis Gillespie has written five books of fiction and non-fiction. His magazine writing has won seven National Magazine Awards.

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