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### Three challenges now confront Albertans

The rising passions last week in Alberta's Conservative party over Ralph Klein's leadership were becoming so intensely personal they were taking on the feel of a soap opera.

Has Lyle gone too far? Can his family ever forgive him? Are Ralph and Colleen unappreciated? Will Jim somehow save his career hopes? And what's that devious Rod up to, anyway?

The series ended dramatically late Friday night, when 45% of the delegates at the party's annual meeting voted non-confidence in their leader.

This forces Klein out soon. It was left unclear exactly when.

It may be for the best. No knock on Ralph but the country is changing and Alberta, as a key player, may need a new hand at the wheel.

Albertans face three challenges in my view, all related:

1. Getting provincial spending back under control.
2. Deciding how and why to save their resource surpluses.
3. Resolving what they expect from Canada.

Alberta's level of spending is, frankly, ridiculous. On a per-capita basis it is now 34% above Ontario's and 18% above Quebec's. Population influx or not, there's no excuse.

When asked, Albertans always say they want resource earnings

saved for the future, but they never say why and the government doesn't do it.

Last year it finally started adding to the Heritage Fund again, for the first time since 1987. The fund will now total \$14.6 billion.

Alaska's resource fund contains \$38 billion, and pays every state resident an annual dividend. Norway's North Sea oil savings fund contains \$223 billion, and the government spends none of it.

Since 1995, Alberta has spent the whole \$10 billion earned by its Heritage Fund, plus almost all the \$77 billion it brought in from annual resource depletion.

Most of this staggering \$87 billion went to program spending -- the government equivalent of rent and groceries. Some went to paying off the \$23 billion debt built up by the governments of Don Getty.

Scott Hennig of the Canadian Taxpayers Federation says if spending had remained at the more disciplined level of six years ago, Alberta's annual surplus today would be \$10 billion, not \$4 billion.

Meanwhile, Ottawa (because it takes more out of Alberta in taxes than it spends) costs Alberta \$12 billion a year, and the amount is expected to double within four years.

Ottawa gets more net surplus from Alberta's economy than the provincial government gets from resource earnings.

Put all this together and you see a province adrift on a sea of cash that both levels of government take and waste. The inevitable result will be that a generation or so hence, Alberta will look like Saskatchewan does today -- depopulating and needlessly broke, ruined by politicians long forgotten.

The reason Alberta politicians don't save is that the people don't demand it, because they see no personal practical benefit in it. But if instead of a government savings account there were an Alberta Heritage Pension Plan, people would care.

The reason Ottawa takes so much money from Alberta is that it can. But were Ottawa constitutionally restricted to taxing and spending for its own mandated responsibilities, this couldn't happen.

Ralph Klein was always popular. Whether he ruled wisely and well history will judge.

What matters now is that a new era is beginning, and that Albertans find a leader who will confront the three great challenges facing the province.

- Link Byfield

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*"Just Between Us" is a feature service of the Citizens Centre for Freedom and Democracy.*