



## GREEN RESPONSE TO BUDGET 2026

By: The Leadership Team, Green Party of Manitoba

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*Budget 2026* was released by the Manitoba government on March 24/26 (<https://www.gov.mb.ca/budget2026/index.html>). GPM's Leadership Team has produced the following response; a version appeared as an Op-Ed in the Winnipeg Free Press (April 1/26, pg A7). An economics commentary will be posted as an appendix in the next few days.

### INTRODUCTION

Despite some positives (child health, reconciliation), we in the Green Party of Manitoba are generally disappointed with the priorities and missed opportunities in *Budget 2026*. In this detailed response, we outline how a lack of funding for a full-fledged strategy on climate and an absence of upstream approaches to health and social challenges are especially concerning.

### CLIMATE EMERGENCY

Let's be clear: We're in the midst of a "climate emergency" - not merely "climate change" as *Budget 2026* refers to it. Acknowledging the 2025 wildfire season as the worst in three decades (pg. 64) and the significant risks and costs (pg. 89) were commendable.

But battling wildfires - and floods, storms, emerging infectious diseases and other catastrophic weather events - requires a full, concerted effort and investment. The climate emergency will otherwise bankrupt the province, last year's \$300M wildfires over-expenditure was just the tip of the melting iceberg.

Full-scale investment in solar, wind and battery infrastructure, including jobs-of-the-future training, is essential, for both environment and economy. Yet other than a small paragraph on a wind power initiative (pg. 55), these were absent from the budget.

Extending the EV purchase rebate and free public transit for youth are a start. But the science and evidence are indisputable: renewable energy needs to be the pillar of an effective climate emergency strategy.

See *GPM Policies/Climate Emergency - Climate Emergency - Foundational Policy*:  
<https://greenparty.mb.ca/our-policies/climate/#foundational-policy>

See *GPM Policies/Transportation - Fare Free Transit*:  
<https://greenparty.mb.ca/our-policies/transportation/#fare-free-transit>

## **PROTECTING ENVIRONMENT**

Safeguarding our ecosystems is also critical to both preventive and resiliency climate emergency strategies, as well as increasing green economic opportunities. Funding protection of at least 30% of our natural spaces is long overdue, for years advocated by Indigenous and environmental groups. Protection of the Seal River watershed in northern Manitoba was mentioned in *Budget 2026* but without any financial commitment (pg. 70). It's time for action, with concrete budget support.

See *GPM Policies/Environment - Land Use & Conservation*:  
<https://greenparty.mb.ca/our-policies/environment/#land-use>

## **BASIC INCOME**

Perhaps the largest missed opportunity though involved our pressing social challenges. Although much was offered in *Budget 2026* addressing poverty, homelessness, substance use and crime, completely ignoring Basic Income was unconscionable.

Fifty years ago, the pioneering work of the Mincome project in Dauphin (and to a lesser extent in Winnipeg) - and more recently pilot projects around the world - have demonstrated the value and viability of a Basic Income program. It's all the more fitting now, with the profound impact of AI on both low- and high-tech jobs.

Manitoba could lead the nation with a full implementation of a Basic Income program, eliminating the archaic and stigmatizing income assistance (“welfare”) system we have today. The savings such a program would yield in addressing the societal challenges above and in health care (see below) would more than pay for itself.

See *GPM Policies/Human Rights - Basic Income*:

<https://greenparty.mb.ca/our-policies/human-rights/#basic-income>

## **HEALTH**

On health, *Budget 2026* again clearly demonstrated our government’s downstream focus on fixing the ailing health care system. Adding almost \$1B to the health budget, it all but ignored the upstream, root causes of ill health and determinants of good health (pg. 139).

Addressing poverty with a Basic Income program described above would yield massive health care savings, but most importantly improve the health of thousands of Manitobans.

Likewise, expanding prevention programs to curtail the use of tobacco, vaping, alcohol, addictive drugs and unhealthy foods and expanding affordable opportunities for physical activity, social connection and healthful, plant-based food availability would see dramatic benefits to our health and in our health care system. These, sadly, were absent in *Budget 2026*.

See *GPM Policies/Health and Healthcare - A New Foundation*:

<https://greenparty.mb.ca/our-policies/health/#foundation>

## **MUSIC, ARTS & LIBRARIES**

Support to the music and arts communities, and our public libraries should have seen much larger increases. As noted in *Budget 2026*, these are not only essential to the health and vibrancy of our communities, they have large positive economic impacts. Agreed, investing \$1.5M into hosting the Juno Awards will bring multi-fold payback but the music and arts communities need more.

And with the growing proliferation of mis-/dis-information, our public libraries are more important than ever. The \$700k province-wide increase is not enough.

See *GPM Policies/Education - Increasing Financial Support (Libraries)*:  
<https://greenparty.mb.ca/our-policies/education/#financial-support>

## **ECONOMICS**

The Fiscal Plan is to balance the budget by 2027-2028. This goal, and the language of Neoliberalism used, locks the NDP into inevitable failure on investments in human capital and climate change action. Manitoba should be a leader in lobbying for increased federal cost sharing, tax reforms, and long-term federal funding programs.

See *Appendix "A Post-Keynesian Economic Analysis"*.

## **DEMOCRATIC REFORM**

Finally, although not usually mentioned in a provincial budget - and not mentioned in *Budget 2026* - democratic reform is vital to our province's future. Our current "first-past-the-post" system is a relic of olden times, most democratic countries have evolved to proportional representation.

Also, lowering both the voting age and political donation limits would help ensure fairer representation in our legislature.

See *GPM Policies/Government - Proportional Representation*:  
<https://greenparty.mb.ca/our-policies/government/#proportional-representation>

See *GPM Policies/Government - Youth Suffrage*:  
<https://greenparty.mb.ca/our-policies/government/#youth-suffrage>

See *GPM Policies/Democratic Reform - Reducing Annual Political Contribution Limits*:  
<https://greenparty.mb.ca/our-policies/democratic-reform/#contribution-limits>

## **CONCLUSION**

In conclusion, while recognizing the government's challenges with local, national and international pressures, we urge the province to rethink its direction and priorities. We ask that the government more carefully consider how it budgets for what really matters, a healthier and more environmentally sustainable Manitoba.

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**Appendix - A Post-Keynesian Economic Analysis**  
Brent Bjorklund, *Finance Critic, Green Party of Manitoba*

The most remarkable thing about any provincial budget is that each province acts like its own small country. The province is borrowing 5.6 billion dollars and paying higher interest rates with more fees than Ottawa. There are fees for derivative instruments to mitigate currency risk, interest rate risk, asset liability and refinancing. When seen through the lens of Post Keynesian economics it is wasteful duplication and administration. Why should taxpayers pay more interest and fees than required? As a province we do this to maintain our independence. In reality the market assumes that the Federal Government would support the province in a lending crisis to some extent.

There are alternative arrangements that would allow the Federal Government to provide funding while maintaining provincial independence. Manitoba should be a leader in lobbying for these alternatives like increased federal cost sharing, tax reforms, and long-term federal funding programs. The best defense against ideological swings in federal strings and conditions is the moderate and evidence-based governance of proportional representation. PR creates moderate governments with better participation and values more generally shared by the public. Most Canadian citizens want the same things for their families. So it doesn't make as much sense to waste public money to guard against bad federal policy in a PR government.

The NDP party is considered a left of center and progressive party. Yet this budget is based on Neoliberal classical economics. By proposing to attempt to balance the budget the government has built a foundation on sinking sand. Any progressive government should start by correcting this misinformation. We live in a country scourged by 50 years of failed Neoliberalism.<sup>1</sup> The inequality has reached levels that threaten democracy itself. The myths of Balanced Budgets and deficit paranoia are the key arguments of Neoliberals. It is time for all progressives to understand and explain the truth. Build our budgets and our society on a foundation of solid stone.

In 2023 a group of prominent economists in the UK warned the BBC to stop allowing it's reporters to use the analogy of a household budget when discussing government finances. By extension this would include the idea of a Balance Budget. The government budget does not at all function similar to a family budget. It doesn't retire or have a legacy. It continues indefinitely more like a large corporation. Large corporations never repay their debts, that would be a mismanagement of their capital structures. They maintain a balance of debt and equity as required by their activities.

Doesn't an economy grow by a few percentage points each year? And isn't there a basic rate of inflation that everyone deems normal and even necessary to avoid deflation? Even those two increases would require that the deficit must also increase by 3-6% in the most optimal budget just to maintain the status quo. Just to provide money needed for growth. If a budget were to be balanced then the economy would have to contract or asset values would have to decline. If we were to return to the deficit level of the past then the amount of money available for business transactions would be reduced.

Yet financial reporters continue to use the Balanced Budget myth. It's as if these reporters were assigned the job because they drew the short stick. They have no interest in economics and would rather be a crime or celebrity reporter. Politicians use the myth as well because the public has never learned to understand how government budgets work. Or more accurately they have been taught nonsense. For a politician to try to explain this risks them being considered a poor financial custodian when the opposite is true. When progressive politicians try to live within a balanced budget they are placing the entire burden of all costs of their glorious projects on tax increases or reallocations. Tax increases at the provincial level in a competitive global market are unlikely to last. Changing spending priorities is simply shuffling deck chairs on a sinking ship. Balancing the budget never happens because it is not realistic and it is damaging to the economy. This is why whenever a government actually reduces a deficit it is usually followed by an economic decline or even a crisis.

All of the above is relevant to a provincial government budget. The disingenuous Carney-Conservative alliance will be sending Manitoba more cuts. The Federal Government is planning to balance its budget as well. This brings us to the most important part of any government budget discussion. It is how the Federal Government pays for things like the additional funds that I suggested our Manitoba government should be requesting. It requires a fundamental shift of the mind to understand. It requires that we understand how our institutions have become Neoliberal and why they don't want to change. Why have our institutions perpetuated myths that are not based on science or evidence and why would they continue to do this even when they are fully aware of the enormous suffering caused by bad public policy.

The Federal Government budget is the furthest thing from a family budget. Federal Governments, who issue currencies that are not linked to another currency or a commodity like gold have a monopoly on the ability to create money. An individual or corporation would be breaking the law to create money. These governments cannot go bankrupt. They never need to and never should repay a deficit. Governments do not pay for services with taxes or borrowing. They spend the money first and then tax back a portion. For progressives what this means is that issuing currency by spending more

than what is collected in taxes the government is redistributing income. It is channeling the productive capacity of the nation to the goals of the government. It is indirectly a way to reduce inequality without the outright resistance and political limitations of raising taxes.

This is Heterodox economics. Within it is Post Keynesian economics. And within that is Modern Monetary Theory. I will not attempt to explain everything but simply refer you to my sources. The best place to start is a wonderful book *The Deficit Myth* by Stephanie Kelton. In it she provides an easily understandable explanation of MMT. Kelton did not invent the ideas, she simply explained them for us. For a detailed history of Post Keynesian economics I suggest that you check out Canadian economist and editor of the *Cambridge Economic Journal*, LP Rochon. For mathematical proofs and macro economic models we have Prof Steve Keen and Canadian Ty Keynes, both of whom have entertaining Youtube channels. For simple explanations with current event examples we have Prof Richard Murphy and again Steve Keen Youtubes and podcasts. There are dozens more highly reputable and established economists worldwide that would also consider themselves Post Keynesian. The subgroup of MMT is somewhat smaller due to a few more challenging theories that I would call add-ons.

What about inflation you ask? Maybe you have a business or basic economics education like I do. Post Keynesian economics and MMT are automatically rejected as inflationary in business circles. Stephanie Kelton explains that government spending only results in inflation if the capacity of the nation cannot fulfill the required spending. Steve Keen shows how history doesn't validate these inflation concerns. In fact Central Bankers and classical economists now admit that money is created mostly by the private sector. They are continually adjusting their opinions in favour of most MMT ideas but maintaining the institutional traditions and recommended government policies to politicians.

Billionaires have an extreme paranoia about governments printing money. They believe that it threatens their wealth. Warren Buffet has produced Youtube videos warning everyone that any increase in the money supply reduces the value of your pension. This argument ignores a few facts. What is money? For the most detailed analysis of this question I refer you to our own Manitoban and former MB Liberal Leader Dougald Lamont. Lamont explains that information is money. It is an agreement and promises to pay. It is not a commodity as Mr. Buffet believes. Steve Keen also shows that 95% of money is actually created by the private sector, not the government. He shows that financial crises are caused by excessive private money creation, as we are seeing today.

The real risk to Mr. Buffet is only the relative difference in his wealth to yours. By having a large portion of the population living in desperation or unable to work the economy suffers. Mr. Buffet and Mr. Musk also suffer a loss of wealth by the levels of inequality that exist today. They would actually benefit from increased government. But they don't believe this and they value influence and power over everyone's affairs.

The inflation from an oil supply shock may even provoke central banks to once again attack workers' wages with high interest rates. The explosion of private credit in the US, combined with irrational financial deregulation, still risks a 2007-style financial crisis at any moment. This is another part of classical economics that hurts working people. Raising interest rates is not a practical or scientific way to control inflation. It is regressive because it hurts people who have debts more than assets. Today's inequality is such that inflation can actually rise with rates because the spending of the wealthy now comprises such a large portion of total spending. High enough rates will eventually cause enough suffering to lower inflation. Central Bankers know this, but it is institutional memory and tradition as well as a paranoia from misunderstanding the history of inflation. If the financial markets couldn't wait around every word the Central Banker says they wouldn't have a job. Effective inflation control must come from fiscal policy not monetary policy.

The world has already experienced a major shift of mind in economics. Between WW2 and 1970 the general public believed that the government was generally a force for good. Memories of the Great Depression had not disappeared. Older citizens still remembered having no health care or pensions and how hard they had fought to win them. The founders of Neoliberal economics of the 1980s were still considered radical and were generally ignored. Canadian society was essentially a socialist democracy with over 60 crown corporations. Economists who still believe in these ideals are now rare in top positions in government and academia. We call them Heterodox economists because they don't subscribe to a supply side market driven theory of the economy. When I was taking introductory economics from Ruben Bellan, in about 1980 I had to read Business Week to hear supply side economic theory.

In 1973, due to events caused by colonial conservative US foreign policy, the price of oil increased three fold. Confidence in government had already been damaged by the Vietnam war and Watergate. But as we see today, conservatives can get away with any number of blunders and survive politically as long they don't increase gas prices. Oil prices doubled again in 1979. The economy was totally dependent on oil with no understanding or effort at fuel efficiency. The price shock rippled through everything. But these facts were ignored and the blame was put on workers wages. A theory of wage spirals was invented as part of a new conservative wave in the 1980s. Wage spirals don't exist because inflation is always caused by shortages not wages. Once a shortage

is over wages fall back to normal increases. This was the case in the 1970s and again after covid. There was no need for Paul Volker to raise interest rates to 18% (or Bouey to 21% here). Bad economic theory certainly affected my life when unemployment hovered over 10%. Both Volker and Greenspan have since admitted that their policies were both damaging and excessive.

Milton Friedman was key in the creation of the scourge of Neoliberalism. He gained credibility in 1973 with his Nobel prize. The award was for his work on money supply controls for inflation. Central Bankers have since dropped his theories as impractical and basically wrong. But Friedman did far more damage as a public figure. He produced a 1980 PBS series called Free To Choose. Funded by right wing think tanks, the series promoted the ideas of self interest, low taxes and markets being the highest moral value. Inequality was just and necessary. He appeared on hundreds of TV shows. This type of mentality has been adopted by today's MAGA crowd. It is a hatred of government and a glorification of privilege and even despotism of billionaires. There is a parallel line of rhetoric from MAGA to southern Confederate slave owners. The creation and amplification of a separate culture in the US, was a strategy used by the Confederacy where all others are today woke and in 1863 unholy.

All of this explains why we need to break free of Neoliberalism by ignoring deficits and ending the idea of balanced budgets. It is why progressives of all types must unite to promote Post Keynesian economics. We must return valid economic theory to public policy. We must use the tool of currency creation to the benefit of Canadians. Experience shows that depending solely on taxing the rich will fail. As people continue to lose trust in a government that cannot fulfill its promises they will look to authoritarianism. The power of the billionaires will continue to grow. In the science fiction series Alien Earth, the world is ruled by a few massive tech corporations with basically no governments. This is not looking so unlikely now.

The Manitoba NDP are only limited by the provinces' finances if they cannot work for change cooperatively with the Federal Government. Manitoba can enjoy a fully functioning government by accepting a reduction in financial independence. It can safeguard against bad Federal Government priorities with a proportional representation government. The NDP needs to believe once again in the role of government like Tommy Douglas did and move us back from the darkness of decades of Neoliberalism.

1. Alex Himelfarb - Breaking Free of Neoliberalism