

THE DISTRIBUTIONAL IMPACTS OF AN ENERGY BOOM IN WESTERN CANADA

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ABSTRACT

In the energy-rich provinces of Western Canada, inequality rose over the past two decades while poverty declined, raising the question of whether the recent energy boom was a contributing factor. This study uses local labour market variation in energy extraction intensity to identify these distributional impacts. The growth in local outcomes attributable to the boom is found to be U-shaped and significant across all distributional segments, leading to somewhat increased local inequality aggregates and reduced local poverty. This pattern is preserved but varies across sectors, driving a large local inequality increase in energy extraction, with smaller rises and reductions in other industries.

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