



NEWS RELEASE

Access to affordable, abundant energy could be key to COVID recovery

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For Immediate Release

CALGARY—Access to affordable, abundant energy will promote economic growth and help Canada recover from the COVID recession, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“There is a clear link between energy use and economic activity, and policies that constrain energy use, such as artificially higher prices, are harmful to economic growth,” said Elmira Aliakbari, associate director of the Fraser Institute’s natural resource studies and co-author of *Stimulating Economic Growth Through Abundant Energy*.

The study shows that a ten percent increase in energy use is associated with a 1.16 percent increase in GDP. Indeed, the study found that energy use (which can be defined as energy abundance or energy affordability) is an essential component of Canadian economic growth. That means policies designed to artificially reduce energy use and/or increase energy costs will limit economic growth.

In fact, Canada’s economic growth over the past decade was already weaker than several other developed countries including the United States, Germany, Japan, and the whole G7 group of economies, on average.

Yet, despite the evidence that affordable or abundant energy plays an important role in economic growth, federal and provincial governments in Canada have implemented policies that have artificially constrained energy accessibility and increased energy costs. The Ontario Green Energy Act, British Columbia’s energy conservation programs, and the federal government’s renewable energy targets are some examples of these types of policies.

“Given Canada’s slow economic growth over the past decade and the COVID recession, governments across Canada should pursue policies that support economic growth post-pandemic,” said Ashley Stedman, Senior Policy Analyst for the Fraser Institute and co-author of the study.

“Policies that foster energy abundance could go a long way to boost economic growth and help Canada recover from one of the worst recessions in history.”

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