The Rock is a Hard Place: Redistributing wealth in 21st century Newfoundland.

For the fifty years after Confederation with Canada in 1949, Newfoundland was the poorest province in the country. In 2006, the provincial government set the ambitious target of becoming the province with the lowest poverty rates within a decade. To that end, a Poverty Reduction Strategy (PRS) was introduced and by 2018 $1.8 billion, or just over 2% of total provincial expenditures, had been invested in a broad range of initiatives.[1]

Briefly, by at least one measure[2], the province did appear to have achieved this lofty goal, but it soon slipped back into third place overall among Canadian provinces. The most reliable recent indicator, the 2016 census reporting complete data for 2015, had fewer than one in seven Newfoundlanders living in poverty, compared with one in eight in Saskatchewan and one in eleven in Alberta, while nationally the figure stood at one in six.[3] More disturbing was the number of children living in poverty. Almost one in five Newfoundlanders under the age of six live in poverty, a rate very similar to Saskatchewan's, but considerably higher than the national average of one in six and well behind both Alberta and Quebec where it was one in seven. Although the promise was not kept and the known patterns reveal deeply gendered cleavages,[4] nonetheless there has been a truly remarkable change in fortunes. When we recall that one in four people lived in poverty in the late 20th century and still one in five as recently as 2000, it is clear that the province has turned the page on a long and dark chapter in its history.

This paper examines the extent to which fiscal policy aided or thwarted this goal of building a more equitable society. It does so from the perspective that we should not be trying to reduce poverty, but to eradicate it. Poverty is a form of social exclusion, and so just as with racism and sexism, the only appropriate public policy is zero tolerance. Sadly, this paper will argue that as a direct result of provincial fiscal policies that most benefit the wealthy the goal of eradicating poverty is now more difficult to achieve than ever.

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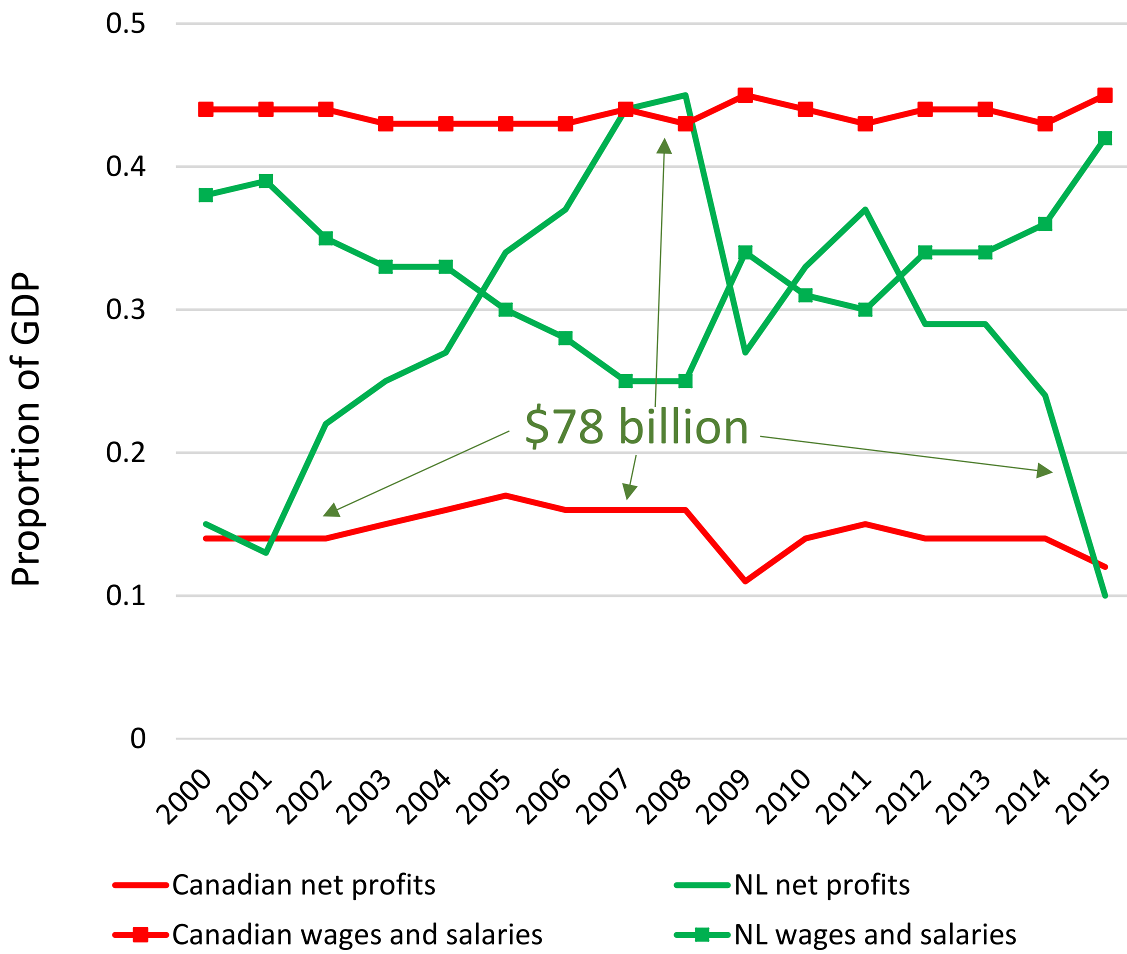
1. Many of these initiatives were not directly related to poverty reduction, although people living in poverty might benefit from them. For example, renovations to social housing were routinely posted as PRS expenditures, as more problematically were the cost of full-day kindergarten and the Family violence prevention court. A complete list of annual PRS expenditures is available at https://www.cssd.gov.nl.ca/poverty/.
2. Poverty is measured either as an absolute, or as relative condition. In Canada, we long favoured the first, in the form of a Low Income Cut-Off (LICO) which considered you to be poor when you spent too large a percentage of your income on essential goods. Recently, Statistics Canada moved to the relative Low Income Measure (LIM), which considers you poor if you earn less than 50% of the median income. The two measurements give dramatically different results. In 2015, the respective poverty rates in Newfoundland for LICO versus LIM for census families was 3.5% vs 12.3% and for single persons 17.6% vs 32.6%. In 2013, Newfoundland had the lowest LICO rate in the country, but only the third best LIM.
3. The most recent data for 2016, based on the Statistics Canada income survey known as the T1FF, suggests that the province may have improved its relative position, although the variability due to sample size is a problem here. It showed Newfoundland in second place overall, at 13.3%, ahead of Saskatchewan at 14.7%, but still behind Alberta at 11.8%. All were significantly better than the Canadian average of 16.3%.
4. The T1FF survey confirmed the importance of family composition. Whereas more single-parent families in the province lived in poverty than the national average (30% vs 28.5%), the level of poverty among coupled families was exceptionally low at 4.4%, five times lower than that for people living on their own.

Changing Fortunes

Between 2001 and 2008, transnational oil companies pumped out half of Newfoundland's known oil reserves. In conjunction with a major expansion in the mining of iron ore and the high-grading of the Voisey Bay nickel, silver and cobalt deposit, both in the province's mainland colony of Labrador, this extractivism fueled soaring corporate profits. Figure 1 shows just how exceptional these profits were.

Figure 1
Net Profits Compared to Wages and Salaries



Source: Statistics Canada, Cansim table 384-0037.

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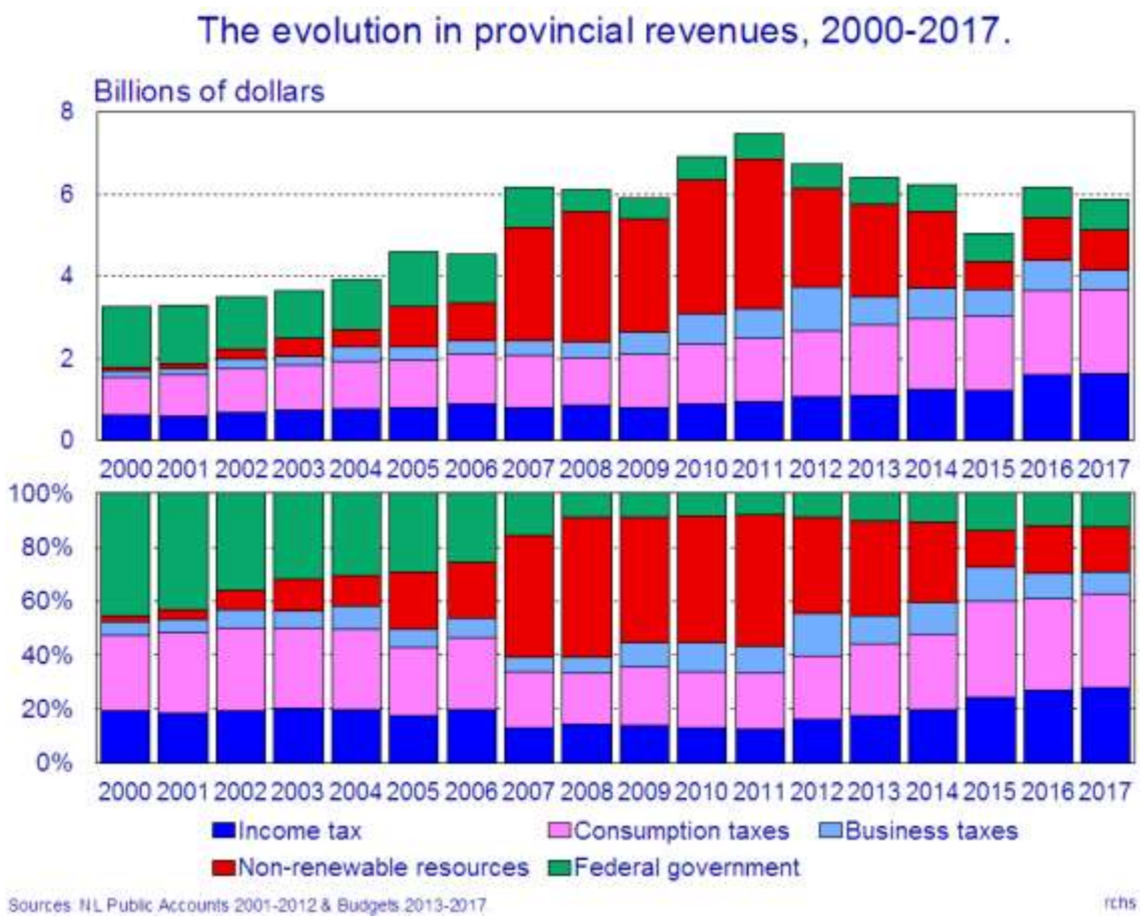
In advanced capitalist countries, corporate profits normally account for roughly 15% of GDP, while wages and salaries account for 45%, or about three times the share of net profits. Newfoundland's boom in oil production quickly led to a completely different relationship. Net profits rose to surpass all wages and salaries paid in the province by 2005. During the boom, net profits in excess of the Canadian average totaled $78 billion dollars, or approximately $140,000 for every man, women and child in the province. This bonanza accrued largely to transnational corporations. Just as this extraordinarily profitable pillage of the province's non-renewable resources peaked, government royalty revenues jumped. This two stage transformation in the province's economic situation created a qualitatively different political environment, which permitted a series of experiments in neo-liberal policy formation.[5]

Figure 2



The early years of the oil boom benefited most people, but in quite differing ways. It created more jobs in the service sector and so was quite gendered,[6] nonetheless it lowered the chronically high unemployment rate that had plagued the province since the cod moratorium of 1992, while drawing tens of thousands of people back into the waged work force. By 2006, median incomes of the bottom half of income earners had risen by 42%, compared to a 24% increase for those in the top half and a 27% increase for the top one percent. This equalizing trend was rapidly reversed. Between 2007 and 2015, median incomes of the top one percent rose by 66%, the top 10% by 60%, while that of the bottom half by 49%. Boom times were also inflationary times, which made the long-term effect of this reversal quite stark. In constant dollar terms, between 2000 and 2015, the median income of the top one percent

5. "Newfoundland's Boom: A Study in the Political Culture of Neo-liberalism. *The Public Sector in an Age of Austerity: Perspectives from Canada's Provinces and Territories.* Bryan M. Evans & Carlo Fanelli (Eds.) Montréal: McGill-Queen's University Press, 2018, 279-314.
6. Sean Cadigan, "Boom, Bust and Bluster: Newfoundland's 'Oil Boom' and its Impact on Labour." Boom, Bust and Crisis: Labour, corporate power and politics in Canada. John Peters & Sean Cadigan (Eds.) Halifax: Fernwood; 2012.

increased $89,600, the top ten percent by $31,772, while that of the bottom fifty percent by only $4,048.[7]

The dating of this reversal in fortunes to 2007 coincided with the dramatic increase in the province's non-renewable resource revenue. These funds financed a fundamental fiscal policy shift: the surtax on high incomes in force since the mid-1990s was abandoned; a shift away from progressive income tax towards regressive consumption taxes was initiated; and the first in a major series of income tax cuts targeting those in the higher brackets was brought in.[8] The aim, clearly stated in the budget speech that year, was to "leave the money in the pockets of those who earned it."

By 2012, the proportion of all wages and salaries paid in provincial income tax had been slashed by 29%. Significantly, when expressed as a percentage of total personal income – so including all pensions, unemployment insurance, workmen's compensation, welfare payments and other government transfers – it dropped by only 5.8%. Clearly, the deeper your pockets, the more you got to keep. Meanwhile, revenue from all forms of consumption taxes, expressed as a proportion of retail sales, continued to climb and reached 21.6% by 2016, a 34% increase over 2008.

To understand this exceptional growth in inequality, Figure 3, *Rapidly Changing Fortunes* compares the distribution of people and income in 2007 with 2015. As the number of people filing a tax return had increased by 9% and total income increased a whopping 61%, the width of the bars for 2015 have been adjusted to accurately represent their relative growth.[9] By 2015, income exhibited a strangely inverted symmetry: more than half the people earned only a fifth of the income, while a fifth of the people earned more than half.

Visually, the most striking aspect of these changed fortunes is the relative collapse in the income of the majority of people: those in the bottom tax bracket saw their share of total income drop from a third to a fifth. Labour's losses were capital's gains, as the bulk of increased income went to those at the very top. And yet, there is little here to support the idea of a hollowing out of the middle class. Both the relative size and actual share accruing to the middle tax bracket increased slightly.[10]

The greatest losses are clearly at the bottom. In 2007, a third of tax filers got by on less than $15,000 a year by sharing a tenth of provincial income. In 2015, when earning less than $15,000 placed you well below the poverty line, a fifth of tax filers and their dependents survived somehow on one-thirtieth of total income.

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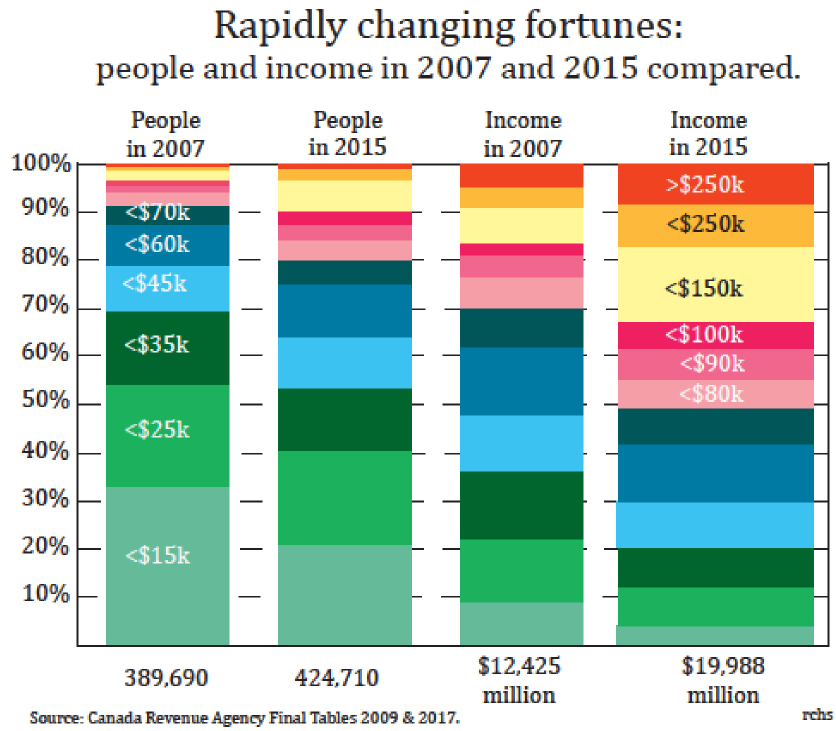
7. Statistics Canada, Cansim Table 204-0002.
8. The cuts were introduced in 2007, 2008 and 2010 , when completed the two-thirds of tax filers who were in the bottom tax bracket had received 12% of the 2007 cuts, 33% of the 2008 cuts, and nothing from the 2010 cuts. By contrast, the one in ten filers in the top bracket, earning over $70,000 a year, received 44% of the 2007 cuts, 31% of the 2008 cuts and 90% of the 2010 cuts. The fortunate few earning a quarter of million or more pocketed on average $24,582 that year. It was, as we shall see, a gift that just keeps on giving.
9. The colours on Figure 3 reflect the historic weight of the three brackets of provincial income tax: the greens below $35,000 represent the lowest bracket; the blues below $70,000 are the middle bracket, while those quite literally in the pink were in what for decades had been the top bracket.
10. All the more so if, partially accounting for inflation, we stretch the middle to include those earning less than $80,000 in 2015, as they were quite likely many of the same people.

Figure 3



The boom benefited most Newfoundlanders, but it left a significant minority out. Those in need in our society were if anything even more vulnerable than a decade before for two reasons. First, their lot in life was now so different from the experience of the majority. Second, the dramatic increase in the number of people at the highest income levels changed the political economy of the province.[11] In 2015, the one in twelve tax filers earning $100,000 or more claimed over half the tax credits for contributions to federal political parties.[12]

To assess how the Williams tax cuts influenced these changing fortunes, I analysed the final tax tables from 2001 through to 2015. The dramatic decline in the provincial taxes paid by people earning in excess of $100,000 is shown very clearly on Figure 4, *Basking in the sunshine*.[13] These cuts are a gift that just keeps on giving and, as more people join these high-income earners each year, the cost of that gift continues to grow. If we take the average taxes paid by each of these three high-income categories between 2001 and 2006 as their base lines and then compare what the members of these three categories actually paid from 2007 through to 2015, we can calculate how much this gift to those earning more than $100,000 a year has cost the provincial treasury.

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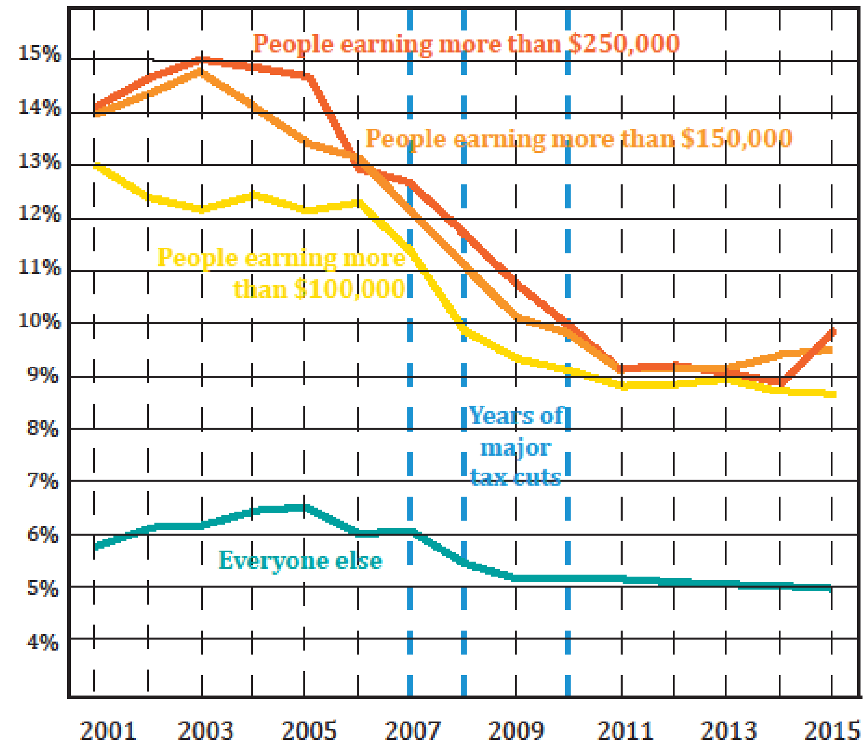
11. See my collaborative essay "The Challenges of an Equitable Fiscal Policy." *Asking the Big Questions: Reflections on a Sustainable Post-Oil Dependent Newfoundland and Labrador*. Barbara Neis, Rosemary Ommer and David Brake (Eds.) St John's: Royal Society of Canada Atlantic & the Harris Centre, 2017, 24-43.
12. We can assume their contributions to provincial party coffers were of a similar magnitude, but CRA does not release those figures.
13. In 2015, a major controversy erupted over 3,995 people being on a "sunshine" list, i.e. being paid by the province in excess of $100,000, These CRA figures reveal, however, that they only constituted one in ten of those basking in the sun that year. High-income earners in Newfoundland are overwhelmingly in the private sector.

Figure 4

Basking in the sunshine:

Provincial income tax as a proportion of total income.



Source: Canada Revenue Agency, *Final Tables 2003-2017*.

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By 2015, the gift had cost us collectively $1,395,524,000. To put that in perspective, $1.4 billion was more money than the province had ever collected in income tax in a single year. In 2015 alone, these reduced taxes meant we gave away to the wealthiest amongst us $262 million.

That year, the Paul Davis government introduced minor changes to the tax rates, and we can see their limited effect in the uptick of the two highest income categories on the graph. The following year, Dwight Ball's government increased the marginal tax rates for these two new categories. It is possible to calculate what difference these new rates make to the Williams legacy. If the current rates of 2018, i.e. after all Ball's changes have been fully implemented, were applied to the income earned by the three top categories in 2015, it would have made a difference. Instead of giving away $262 million to people earning more than $100,000 a year, we would "only" have given away $119 million.

There is, however, an important sequel to this thought experiment. The Ball government introduced a levy in 2016 that hits people earning between $50,000 and $80,000 the hardest. People earning more pay proportionally less the higher their income. If this inequitable levy had been in effect in 2015, this new gift to the wealthy would have cost us $31 million, and fully $18 million would have gone to those favoured few earning a quarter million dollars or more. Thus, even if we assume the wealthy did not grow at all, either in number or income, over the past three years, then this $1.9 billion gift to those on the sunshine list has already cost the provincial treasury more than the total expenditures on the Poverty Reduction Strategy since its inception.

Anti-social transfers

When a government in Canada gives money to those in need, we call it a social transfer. When a government gives money to those who can in no way be reasonably construed as being in need, I think we should call it an anti-social transfer. Tax cuts are not the only form of anti-social transfers, our income tax system is rife with them. Excluding tax cuts, anti-social transfers to Newfoundlanders earning more than $100,000 a year totaled $633 million in 2015.

This is not an extraordinary situation. The Canadian Centre for Policy Alternatives CCPA study of federal transfers found that for the country as a whole, anti-social transfers cost the federal government $100.5 billion in 2011.[14] These gifts to Newfoundland's wealthy take five forms: privileging universal non-refundable tax credits; differentiating income by source; splitting income; deducting particular expenses; and masquerading tax credits as social programmes. Each of these government actions are not only costly to the public purse, they actively promote inequality.

Whose universe are we talking about?

The most expensive and widely accepted anti-social transfer is the universal non-refundable tax credit for the basic personal amount. In 2015, it was valued at $11,474 federally and $8,802 provincially. Despite its alleged universality, not everyone benefited equally. Indeed, many didn't benefit at all, because to see any of that money you had to owe the government taxes in 2015. The CCPA study found that it was only when Canadians reached the fourth decile of income earners that they were able to fully redeem this "universal" credit. As a result, two-thirds of this benefit went to the top half of income earners. In 2015, the personal deduction for those basking in the sunshine cost $34 million in lost provincial revenues and $46 million in federal revenues.

Now the ostensible purpose of the personal deduction is to ensure that basic needs are met before taxes kick in. It is, however, a very costly programme that in NL is more than a bit of an anomaly. For the last 15 years, we have had a special programme of targeted tax credits, which in 2015 ensured that no individual earning less than $19,000 or family earning less than $32,000 paid any provincial income tax whatsoever. Individuals and families earning slightly more are also eligible for some relief. This Low Income Tax Reduction programme costs the province $35 million annually, very close to what it gave away in personal deductions for the wealthy.

When is a dollar not a dollar?

Our entire income tax system is based on a rejection of the simple principle that a dollar is a dollar. Income earned through dividends, or rents, or interest, or capital gains, or commissions are each treated as qualitatively different from wages, salaries or pensions. Furthermore, only "net" personal incomes

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14. David MacDonald, Out of the Shadows: Shining a light on Canada's unequal distribution of federal tax expenditures. Ottawa: Canadian Centre for Policy Alternatives, 2016. The study found that 59 of the 64 tax expenditures benefited higher than median income tax earners most.

from professional, business, fishing or farming enterprises are subject to income tax. Much is, quite deliberately, not caught in that net.[15]

The most egregious inequity is our treating capital gains as being worth only half their real amount, but each of these differing forms of income receive special treatment that enable the wealthy to reduce their taxes. For example, dividends issued by Canadian corporations are considered to have already been taxed and so people in receipt of dividends receive a targeted tax credit that significantly reduces any taxes they might owe. This treatment of dividends and capital gains are understandable fictions; after all, we live in an advanced capitalist society, which helps explain why their application is so selective.

In 2015, more than three-quarters of both eligible dividends and capital gains went to people earning more than $100,000. The special treatment accorded dividends gave these people $39 million in provincial credits and a further $44 million in federal credits; whereas, if both dividends and capital gains had been considered as regular income, they would have owed $69 million to the province and $132 million to the federal government.

Promoting family values

Income splitting allows a person to split their income with their spouse when calculating the taxes they owe. It was a key policy plank of the Harper government. Initially, it was only for private pension income, but it was then extended to include all income of families with children. Cancelling this extension was one of the first actions by the Trudeau Liberals in 2015, but their more recent attempt to scale back a similar arrangement within family-owned corporations was successfully blocked by lobby groups representing incorporated high-income professionals.

Income splitting only benefits couples if they are in differing tax brackets. By transferring up to half your eligible income to the spouse in the lower bracket, you save on taxes. The greater the income disparity between spouses, the greater the potential tax savings. Furthermore, miracle of miracles, you don’t even have to provide any proof that the spouse actually received the “transfer”. The tax refund goes directly to the spouse with the higher income. Think of it as an inverse Mothers’ Allowance.

When both economic inequality and poverty are such gendered phenomena, it is difficult to think of a policy choice that promotes inequality more effectively. Unfortunately, due to the nature of this particular transfer, we cannot know what the savings were for the really high-income earners. All we can state with certainty is that one in twenty tax filers in Newfoundland split their income and half of the designated spouses were in the lowest tax bracket, so the savings were substantial.

Deducting our way to inequality

Anti-social transfers promote rather than reduce inequality and among the most effective of these tools are the measures that allow particular expenses to be deducted before establishing what your taxable income will be. This privileging of certain deductions ensures that exactly the same expense generates a

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15. So, for example, 7,140 tax filers declared a business as their principal source of revenue and earned on average only $22,692 net income from it in 2015. As a result, they were assessed as having $10,592 in taxable income less a year than the average Newfoundlander. In addition, small business owners are eligible for a lifetime capital gains exemption worth $813,600 in 2015.

greater deduction the higher your income, because it is deducted off the top, at your highest “marginal” rate of taxation.

The inherent inequity of this system is well illustrated by spousal support payments. If you earned $50,000 a year in 2015 and provided your estranged spouse $1000 a month, your taxes would be reduced by $2,724, ($12,000 multiplied by the combined marginal rate of 22.7%) but if you earned $200,000 a year and provided exactly the same monthly payments your taxes would be reduced by $5,160 ($12,000 multiplied by the combined marginal rate of 43.3%).

Understandably, the wealthy took considerable advantage of this type of subsidies in 2015, to the tune of $76 million in lost provincial revenues and $150 million federally. RRSP contributions were the single most popular deduction among those earning in excess of $100,000. They socked away a total of $318 million in 2015, or almost two-thirds of all RRSP contributions made in the province. Depending where on the sunshine list you stood, this generated tax savings from 39.3% to 43.3% of the value of the contributions made. Registered pension plans (RPP) were the second most important deduction made by the wealthy, and they too often generated subsidies at almost double the maximum possible rate accorded contributors to the public Canada Pension Plan (CPP).

The ostensible reason for these particular deductions is to encourage people to save for their retirement. They benefit, however, quite disproportionately high-income earners. Four-fifths of RRSP contributions and two-thirds of RPP contributions were made by people earning over $70,000 a year in 2015. Meanwhile, the maximum payout permitted by the public CPP that year was $13,600 and the average paid out was only $7,700. In short, instead of developing an adequate public pension plan that would allow all working Canadians to retire with dignity, we use public monies to subsidize retirement savings for those who are wealthy enough not to need it.

Crediting the wrong solutions

The final major type of anti-social transfer is the plethora of tax credits masquerading as social programmes that have been introduced over the past two decades. By 2015, we had personal tax credits for: medical expenses, charitable donations, first-time home buyers, infirm children, children’s art and music classes, children’s team sports, volunteer fire fighters, search and rescue volunteers, tuition fees and text books – transferable to a spouse, parent or grandparent, interest on student loans, disabled people, disabled dependents, care-givers, monthly bus passes, donations to provincial and federal parties, adoptions, select household renovations, seniors, low-income spouses, and indeed one for simply being in the paid workforce.

Many of these are capped at amounts that mean they would not really pay for the activity. So, for example, the maximum subsidy for a child playing hockey was $113.50 in 2015. These would help parents who have already made the expensive decision to allow their child to join a team. It is not enough to bring new players to the game. Charitable donations are also skewed in favour of the wealthy, but in a quite different way. The first $200 in donations generate 15% in federal tax credits and 8.2% in provincial credits, but above that amount the credits almost double to 29% federally and 14.3% provincially on every additional dollar.

In 2015, personal tax credits claimed in Newfoundland deprived the federal government of $179 million and the provincial government of $91 million, funds that were sorely needed to address collectively the very real problems we face. So, although these credits are not as skewed towards the wealthy as the other measures discussed, as only $26 million went to those earning more than $100,000, they share a common philosophy. Problems are seen as individual rather than social and to be resolved by market-based solutions. Indirectly then, this approach by both promoting neo-liberal solutions and impeding the development of public programmes tailored to our needs ensures that inequality will continue to grow.

Reaping what we sow

The combination of anti-social transfers and tax cuts to the wealthiest amongst us cost the provincial treasury $488 million dollars in lost revenue in 2015, while federal anti-social transfers to our wealthy cost a further $407 million. Such privileging of the wealthy over the vulnerable was a choice. To put this choice in perspective, our total expenditure on social assistance that year was $206 million. So, the province could have tripled welfare payments, which would have gone a long way to eliminating the scourge of childhood poverty, and still had money left over to address the highest illiteracy rates in the country.

Instead, as Table 1 shows, we adopted policies that ensured the very highest income earners in the Census Metropolitan Area (CMA) of St John's experienced a dramatic improvement in both their absolute and relative position. After years of decline, which saw the median income of the top one percent in the CMA drop five positions in their relative ranking, our one percent soared to fifth place overall, behind only Toronto, Vancouver, Calgary and Edmonton. The $174,000 increase in their median income since the millennium was so large, that it very nearly meets the threshold that would have ushered someone into this exclusive club as recently as 2006!

Table 1
How the top one percent of St John's fared
Compared with the other 25 metropolitan areas in Canada

Year	Threshold	Relative rank	Median income	Relative rank
2000	137,000	13th	218,000	10th
2006	176,000	14th	252,000	15th
2011	237,000	5th	319,000	8th
2015	283,000	4th	392,000	5th

Source: Statistics Canada, Cansim Table 204-0002.

As we have seen, provincial fiscal policies were consciously designed to achieve this outcome, and the result has been a dramatic increase in wealth inequality. Up till now I have been discussing income, not wealth. The two are not the same, but they are related. Fiscal policies designed to reduce taxes on high income earners facilitate their greater accumulation of wealth. Table 2 presents the most recent wealth data available for those who benefited from the resource-based boom.

Census families in all four quintiles for which data is available saw significant improvements and this is important, as it underscores the growing gap between the substantial majority who benefited from the boom and the minority left behind. It also tends to hide the growing concentration of wealth at the top.

If almost everyone you know is doing better, then the relatively larger gains by the wealthiest families will be less obvious. Nonetheless, the pattern is clear. In a very considerably wealthier society, wealth was increasingly concentrating in the top quintile. Those at the top were not just pulling away from those near the bottom. Prior to the boom, the median family wealth of the top quintile was 5.2 times the Newfoundland median, already by 2012 it stood at 6.4.

Table 2
Changes in the net worth of Newfoundlanders
by quintile, constant 2012 dollars.

Quintile	Net worth 1999	Median per family, 1999	Net worth 2012	Median per family, 2012	Median increase
First	-$320 million	Not available*	Not available**	Not available*	
Second	$2,664 million	$46,000	$3,894 million	$75,400	63%
Third	$7,743 million	$131,200	$12,238 million	$218,100	66%
Fourth	$9,171 million	$294,500	$26,207 million	$539,400	83%
Fifth	$13,222 million	$690,700	$37,965 million	$1,405,600	104%
Ratio 2nd to 5th	4.96	15.1	9.74	18.6	

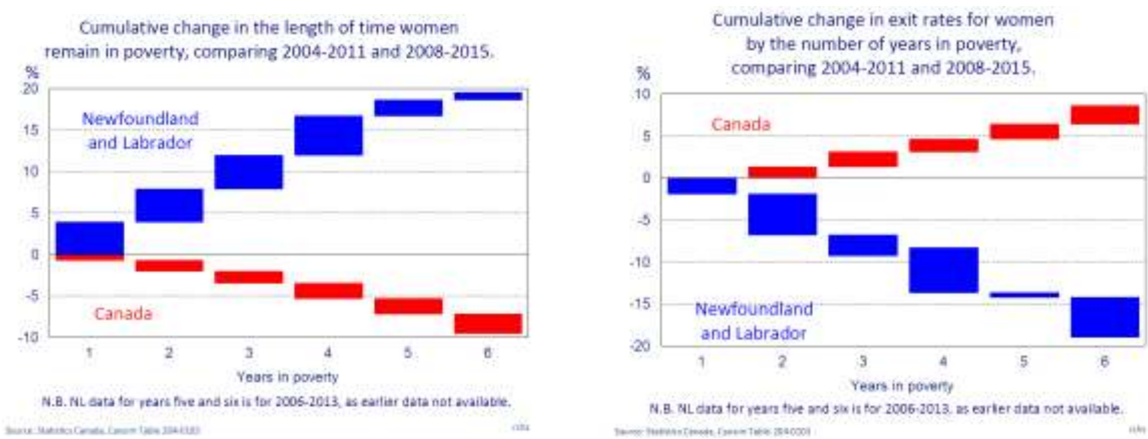
* For Canada as a whole the median was $1,300 in 1999 and $1,100 in 2012
** For Canada as a whole net worth was -$10,826 million in 2012.
Source: Statistics Canada, Cansim Table 205-0003.

Although the overlap is not perfect, as income and wealth have quite different demographics, the parallel between the distribution of incomes discussed earlier and this new distribution of wealth is important. In 2005, when only one in twenty tax filers made it into the top bracket, policies favouring the wealthy did not have the same resonance as they would a decade later, when one in five were in the equivalent brackets. The opposite is also true. In a context of widely shared improvements in both income and wealth, policies designed to assist those left behind are less popular. Instead of poverty being recognized as a failure of community, it tends to be seen as the fault of those in poverty. After all, by dint of hard work we got ahead, why can't they?

Why indeed. In 2007, the year Danny Williams chose to slash taxes for high-income earners, social transfers from government equalled 43% of the total income of those basking in the sun. By 2015, income from social assistance, child benefits, workmen's compensation, old age security and guaranteed income supplements had fallen to 19% of the income of those on the sunshine list, despite the addition of 29,140 people to the old age security programme and the creation of the universal child care benefit.

Poverty now is even more gendered than it was a decade ago and so to quantify the difficulties people living in poverty face, I present in Figure 5 two comparable data sets for women. How long do women remain in poverty? And what proportion are able to escape?

Figure 5



The strikingly symmetrical inversions are significant. The Canadian data shows slow but steady relative improvements by both measures between the two periods. The length of time women lived in poverty was declining and the rate at which they escaped was improving. By contrast, in Newfoundland not only were women staying in poverty longer and escaping less often, these patterns were worsening at almost twice the speed that the overall Canadian rates were improving.

These contrasting patterns are all the more significant because in Canada poverty is highly racialized. Visible minorities, with the exception of people from the Philippines, live in poverty much more often than other Canadians.[16] In Newfoundland poverty is also racialized. Visible minorities live in poverty at almost twice the rate of white Newfoundlanders (27.3% vs 15.1%), however, here they only account for 4% of the people living in poverty, versus 23% in Canada. Our poverty is almost entirely home grown and this is key to understanding why we were unable to eradicate poverty, not despite, but because of the greatest economic boom in our history.

Poverty has ceased to a generalized condition in Newfoundland. It is now concentrated in particular limited parts of rural communities, select urban neighbourhoods, among female-headed households, the elderly and those living on their own. Social, racial and gender inequities are the structural causes for this persisting poverty. Misogyny, sexual harassment and gendered pay inequity are problems that individual women in poverty face, but these are not individual problems. They are fundamentally social problems that are the product of deeply-rooted historical processes. Similarly, illiteracy, mental health issues, including addiction, and the myriad disabilities that many living in poverty have to live with are not problems that can effectively be overcome simply by individual effort. Their resolution requires a community-wide, public commitment of substantial time and resources and for that to happen requires a political will empowered by a shared sense of belonging. The populist nationalism of the Williams

16. According to the 2016 census, the poverty rate for non-visible minorities was 12.2%, but it ranged from 16.4% for South Asians and 17.6% for South East Asians, to 23% for Chinese and Blacks, 34% for West Asians and 36% for Arabs. The exceptionally low rate for Filipinos, 7.4%, is due to the significantly larger number of Filipino women who were the economic migrants.

government that sparked the PRS has proved so ephemeral, precisely because neo-liberal policy choices embodied in so many of the government's own programs effectively undermined any sense of collective responsibility, while simply denying the legitimacy of a structural understanding of those problems.[17]

Over the past twenty years, a complex new political economy has been created in Newfoundland, one that Labrador has known in differing forms for centuries.[18] Central to its success has been a royalty regime that ensures super-profits for transnationals, while allowing a growing minority within the province to prosper as never before. This is, to be sure, an unequal partnership, but it is one that benefits both parties. This seismic shift in the political economy of the province means that there is now a significant and influential minority with a vested interest in both inequality and maintaining the current fiscal regime.

The wealth accumulated during the boom has been more than enough to change Newfoundland's politics and culture. We allowed short-term, market-led, environmentally unsustainable, oil and royalty booms to effectively transform our provincial government into an agency for the enabling of further resource depletion.[19] Thus, as we knowingly fuel the Anthropocene, we are left with a further contradiction. The greatest economic gains in the province's history have pushed eradicating poverty further away than ever.

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17. This is the central argument in my "Newfoundland's Boom" article.
18. Gerald M. Sider, *Skin for Skin: Death and Life for Innu and Inuit*. Durham: Duke University Press, 2014.
19. The provincial crown corporation responsible for the Muskrat Falls fiasco, Nalcor, most recent assessment of reserves boasts of there being 49 billion barrels of recoverable oil and 194 trillion cubic feet of natural gas.