

Education, population, poverty, tax...getting views on topics like those in Jersey isn't the difficult part – but have you ever noticed how many people sound eminently credible when talking about them, even though they may actually be basing their views on conjecture, false facts and blind guesswork?

There is a real danger in making the 'facts' fit the opinion, rather than the other way around – which is exactly the point at which someone with an eye on the latest buzzwords will smugly insert the phrase 'post-truth' into the conversation, imagining its actually helpful.

So, we've asked the Jersey Policy Forum to add some robust material to those crucial local debates – the point is not to provoke agreement or acquiescence; it is to provide reliable material on which others can build their views.

This month, the JPF look at the issue of poverty, and how it exists within an island as rich as Jersey.

By Henneke Brown



Poverty? Jersey? No way!



Introduction by Gailina Liew

We will continue to feel the impacts of two unexpected 2016 events - Brexit and the election of Mr. Trump in the US - for many years to come. Although we may never know with absolute certainty about the factors that lead to these outcomes, there is a growing acknowledgment and understanding that both may have been driven in large part by people expressing their

frustration and anger about feeling alienated and excluded in their own country. The loss of stable, middle class jobs due to globalisation and automation are certainly a factor, but a more fundamental issue may be a loss of identity leading to a breakdown in social inclusion in the UK and the US. Are we seeing this play out in Jersey as well? The Jersey Policy Forum (JPF) has initiated a series of roundtable discussions to explore the identity question and has also invited Henneke Brown, a public affairs specialist and JPF programme officer, to look at some of the current developments to foster economic inclusion in other countries.

Last year's report by the Health and Social Security Scrutiny Panel, Living in Low Income, noted that the, "...income gap between the richest and poorest sections of Jersey society had widened significantly since 2009." Average incomes for the poorest have decreased by 17%

in the last five years; after taking housing into account, a full quarter of households are living in relative low income; and the proportion of children living in relative low income households has increased to 29%, that is 4,900 children.

Although these figures relate to relative

incomes, rather than absolute poverty, the fact that the gap is widening gives rise to questions about social cohesion and of an hourglass economy. Evidence elsewhere also suggests that there is an increasing reliance on charities for support, and a surprisingly high use of food banks and night shelters in the Island.

A number of measures to address the challenge have been put in place by the mid-term financial plan, particularly around housing and educational attainment.

And the States recognises the need for a long-term and sustained approach to policy-making and implementation; better cross-departmental cooperation; and a solid base of statistics.

The idea of a minimum income is one of the solutions to in-work poverty to have become widely adopted by advanced economies in recent years, though it is a modern idea with old roots: Henry Ford introduced a minimum wage for his workers in 1914. When asked why, he is reputed to have said, "how else can they afford to buy my cars?"

Jersey too has a minimum wage in place,

although there are calls in some quarters of the Island to go further - to establish a higher Living Wage that would be paid by employers who voluntarily sign up to the scheme. As a contribution to the debate, the Policy Forum asked an independent economist, Bob Young, to set out some of the ways in which we might model a living wage and to see what the sums might look like, in order to give stakeholders in the debate something concrete to consider.

A companion piece by the same author points to thornier ethical questions. Economics can only go so far, and as Bob says, the question is also about the role of business in what might be seen as social engineering – the employer, "... isn't expected to intervene in the living standards of better-paid employees, so why should they in those of the less-well paid?"

Looking down the track, profound changes to the nature of work may throw this debate into the air. Under some projections, the rise of the robot workforce could lead to the loss of 45% of jobs in advanced economies. The effects for Jersey could be profound, from

affecting our fundamental economy (and way of life) from finance right the way through to agriculture. Suddenly we might all find ourselves out of work.

The question then is not just how to tackle poverty for a small section of society, but what life looks like when unemployment is the norm.

One idea being floated in a number of countries is that of a Universal Basic Income (UBI). Finland and Holland have both started trials this year, each running for two years; and Ontario, begins its trial in the spring. The headlines might read 'free cash in Finland, must be jobless'; but for Finland their core reason for trialling the scheme is to tackle the very real problem of perverse incentives in the benefits system that stop people looking for work. The hope is that a UBI will actually support hiring and job take-up, and that it will bolster the enterprise economy.

Where small schemes have already been tried out, the results suggest that a UBI could lead to an increase in work, that it might support some shifts in the economy towards enterprise, and that it can

contribute to poverty reduction. But then these schemes are very small, it is early days to draw convincing lessons from them, and many remain deeply sceptical: the German parliament has concluded it could lead to an increase in immigration, and would entail a prohibitively costly restructuring of the tax and pensions systems; and Switzerland recently voted against its introduction.

In the end the question of social inclusion will require tackling on many different fronts. Nobel economist, Thomas Piketty points to this fact when he calls for a rethink of, "...a whole set of institutions and policies which interact with each other: these include public services, and in particular, education, labour law and organisations and the tax system."

With such developments and debates in mind, the JPF is initiating a series of roundtable discussions to bring employers, community organisations and government together this spring to consider the options for addressing poverty and fostering inclusivity in Jersey within the context of a changing global economy.