

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.

Gailina Liew,
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How do you gauge your own well-being? Is it about how much money you earn or what you do? Is it about whether you have a partner, own a home, have children, how many holidays you have? Is it about where you live, freedom of thought and choice, whether there is access to opportunity and education? Is it about the quality of our artistic expression, the safety and security of our existence, the sustainability of our environment, the ability to earn a decent living and have access to appropriate housing? Is it about how happy or content you are? How does this translate into gauging the well-being of a nation? We invited Kevin Keen, co-founder of Leadership Jersey who has also held senior executive and non-executive director roles across a wide variety of Jersey institutions, to share his thoughts on this topic.



How good is life in Jersey?

Over the course of my career, I have found that what gets measured gets managed. That makes sense good sense but the key to success is to measure the right things. The States of Jersey places considerable reliance on a measure of economic productivity called GVA (gross value added) per FTE (full-time equivalent worker). In simple terms, GVA is calculated by adding business profits to wages for each sector and dividing that by the number of

FTEs, or sometimes, the population. In GVA terms, the product of the public sector is wages, because the sector obviously does not make profits. Thus the productivity of each economic sector can be determined and compared with each other. Our government also calculates the more traditional measure of overall economic output, GDP (gross domestic product), but GDP does not give the sectoral split and needs to be adjusted for services indirectly

charged by financial services institutions, of which we have quite a few.

Economics is sometimes called the science of scarcity. In Jersey, we have a number of scarce resources which break down into land, people and money. It is sensible to make sure that those scarce resources are used to best effect, and GVA is an example of a measure that reflects this approach.

When it comes to the Jersey economy, the published statistics really only go back to 1998 (apart from Colin Powell's excellent review published in 1971). According to those statistics, and in real terms, our economy was actually smaller in 2015 than it was in 1998 (see <https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=2337>).

This is entirely due to a 21% reduction in the contribution of financial services. The good news though is that financial services is still our biggest, and our most productive sector when measured in terms of GVA per FTE. Indeed, the only thing that comes close are the utilities, which are capital intensive, so don't need too many people, and where growth prospects are limited. Productivity measured by GVA per FTE has declined by 33% in financial services between 1998 and 2015, but is that because the people who work in that sector have become lazy or inefficient? Of course not; the sector is as innovative as ever, and deserves our support and appreciation. But this statistic only tells part of the story as there are a number of limitations to GVA, including the following.

1. It is a backward looking measure, so does not take account of the potential of an industry, for example, our fledgling digital sector.
2. It does not measure the diversity of our economy, which, in part, makes this place such a special place to live, and, as used in Jersey, works against the common sense investment advice of not having all your eggs in one basket.
3. It does not consider what happens to the profits. Are they reinvested back into our economy or simply exported from the Island once earned?
4. It ignores the assets being employed

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Kevin Keen, co-founder of Leadership Jersey

to deliver those profits and jobs. It should not be the sole measure used, for example, to determine how job licenses are awarded.

5. It excludes the value of work done by volunteers, such as a family carer, because there is no financial transaction involved.
6. It does not account for environmental or health impacts of the organisation making those profits. For example, selling unhealthy food is just as valuable as selling fitness training when it comes to GVA.

For a more eloquent summary of what GDP (and GVA) does not do, we can go back to 1968 when Robert Kennedy famously said, "...gross national product

does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials...[i]t measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassions nor our devotion to our country, it measures everything in short, except that which makes life worthwhile."

Almost 50 years later and in spite of all its flaws, GDP and GVA still seem to dominate our government's decision-making. There was some progress when Jersey published the Better Life Index (BLI) for 2013 (see www.gov.je/Government/Pages/StatesReports.aspx?ReportID=2234).

The BLI combines a broad range of measures developed by the OECD including housing, environmental quality, health, happiness, personal security, income, and jobs which provided a much more balanced view of Jersey. We could also benchmark ourselves against the 36 OECD countries that participated. The

2013 BLI unsurprisingly confirmed Jersey as a great place overall (ranked 15th of 37) but with plenty of room for improvement, especially around civic engagement where we ranked last and education where we ranked 20th.

However, instead of using the BLI as a measure of progress in key areas and to drive action for positive change, resources were sadly cut to 'save' money so we don't have a more current report to look at. The good news is that the resources have now been restored and Jersey is planning to publish the BLI again later this year. I, for one, will in part be evaluating the performance of our government on the results.

Do you agree?

Please share your thoughts by email to contact@jerseypolicyforum.org. The Jersey Policy Forum is running a series of roundtable discussions to focus on understanding social and economic inclusion/exclusion in Jersey, education and population drivers and the development of a more comprehensive dashboard to assess how well Jersey is performing beyond GDP and GVA.