

JERSEY'S IMMIGRATION POLICY – THE CONTEXT

Text of speech by Mark Boleat at IoD Debate, Jersey, 25 September 2014

Immigration is a subject that lends itself to rational debate. There is massive experience of immigration around the world, and an abundance of evidence on the effects of immigration and on demography generally. But it is also a subject that lends itself to an emotional debate, with facts often being ignored and occasionally with tinges of xenophobia, protectionism and even racism, although thankfully much less so than use to be the case. My opening comments will attempt to provide some facts to give a context to the debate in Jersey, a debate that is very similar to that in the UK.

Jersey is a small island economy. The big problem facing many small islands, and indeed small communities generally, is depopulation. Small communities, particularly islands, suffer because of poor connectivity and the inability to take advantage of economies of scale. Young people tend to emigrate, leaving an ageing population. Alderney provides an extreme example. The population fell 17% between 2001 and 2011; 40% of the population are over 60, double the proportion in Jersey. Increasing immigration is the number one priority for Alderney. The Outer Hebrides are another extreme example. The population fell by 46% in the 20th century, and an 11% decline is projected between 2010 and 2035.

Bermuda, comparable with Jersey in many respects, is also experiencing a falling population. The latest official projection is a 4% decline between 2010 and 2020, the proportion over 65 increasing from 14% to 20% over this period. Government policy is to seek to prevent the decline.

To avoid this fate small islands ideally need a special status, linked to a “mother country” and a combination of policies to maintain the character of the island while promoting economic growth. Jersey has done this admirably, taking advantage of its semi-detached relationship with Britain to become a leading international finance centre with a correspondingly high standard of living.

Jersey is, and has been for centuries, a very open economy with massive two-way immigration and emigration. Immigration from France began in the 16th century, and in 1635 the first controls were introduced such that no inhabitant could have an alien

in his house for more than one night without notifying the Paris constable. In the late 18th century some 4,000 French refugees arrived in Jersey, doubling the size of St Helier. The massive economic boom in the early 19th century could not have happened without large-scale emigration, net immigration running at some 500 a year, and that with a population less than half the size of today's population.

But it was not all one way. Jersey has also had mass emigration, particularly of its young people, even at times of high net immigration. The population was unchanged between 1851 and 1951, and in each of the decades between 1851 and 1921 there was significant net emigration. The change to net immigration since then is closely associated with Jersey's economic success. In short, rising prosperity goes hand in hand with a rising population. A falling population is both a sign of economic stress and a cause of further economic decline.

But Jersey wants to control its population. This comes through in opinion surveys. However, like all surveys one has to interpret the results carefully. Yes, Jersey people would like slower population growth, and no doubt they also want rising living standards, housing for their children, better healthcare, better and cheaper air and ferry links and probably also better weather and greater success on the sporting field. But as one tells one children, "you can't have everything you want". There are trade-offs, and picking on one issue without looking at the impact on other issues is not helpful. The Chief Minister has commented: "Islanders have consistently reported population and migration issues as their top priority for government – and it is important that we respond". Yes, a response is necessary, but it must be a response to properly considered views not an abdication to vox pop on the basis of views that take no account of trade-offs.

A key trade off is between seeking to limit the population increase and seeking economic prosperity. Present policies force businesses, some global in their nature, to seek to recruit locally, often a futile exercise. The undue preference for locals has a cost in terms of efficiency. Employing top talent from outside the Island not only directly facilitates economic growth but also helps to raise the skill levels of people who are recruited locally. On this let me quote a comment that sums up the position brilliantly -

"no one in their right mind, would deny that, without the expertise and skill of imported professionals Jersey would be several rungs down the ladder".

This is a quote from the Jersey Evening Post by a JEP journalist. He was talking about the Jersey Rugby Club in a preview of what proved to be a highly successful season in National League 1 a few years ago. He went on -

“But it remains a Jersey club with a genuine Island identity because it wants to and recognises that it needs to. Jersey is a cosmopolitan society and so is its club – hence the superb backing it gets from island businesses and individuals.”

What is true for the Jersey Rugby Club is true for Jersey as a whole.

Jersey has been applying population controls with varying measures of lack of success since 1635. The subject is a hot political issue and no doubt will feature in the forthcoming elections. Those wishing to participate in the debate have access to excellent analysis in a number of reports from the Council of Ministers and the Statistics Unit, helped by consultancy work from Oxera.

So, a few basic incontrovertible facts, although sadly not accepted as such by many in the Island.

First, is that Jersey has no ability to determine, with any degree of precision, the size of its population or the amount of net migration, a point recognised in all the official policy statements. Jersey cannot control emigration, immigration by residentially qualified people living outside the island (about 18,000), immigration of spouses and children of residentially qualified people and immigration of essentially employed people.

Second, Jersey has high gross levels of immigration and emigration. While attention may focus of the net immigration figure, this is a small number compared with the much larger gross numbers. So a figure of say 500 net immigration may well reflect annual immigration of 3,500 and emigration of 3,000. So those who glibly talking of “not letting in more than X00 people” have no comprehension of the issue.

Third, there is no resource constraint on the size of the island’s population. The resources that Jersey needs are people; in general immigrants are a resource not a drain on resources. Of course there are infrastructure and land use issues that must be addressed, but it is quite wrong to suggest that somehow the island does not have the resources to accommodate more people. Again, trade-offs must be

recognised. Other things being equal a higher population will mean better air and sea links, more choice and lower prices for those buying goods and services, more job opportunities for local people, and better healthcare, but it will also mean a higher density of population and, depending on how well the Island functions, more congestion.

Fourth, it is helpful to emphasise that what are sometimes claimed to be policies are no such things. A policy is a measure or set of measures designed to produce a given outcome. So –

- A target for net migration or total size of population is not a policy.
- Work permits are not a policy, they are a means of implementing a policy of giving preference to locals in the labour market – something that Jersey does.
- A points system is not a policy; it is a means of determining who is allowed to come into a territory to work or to live. Again Jersey has such a mechanism.
- Having registration cards and a population register is not a policy; it is a (rather poor) monitoring tool that may be able to help assess the effectiveness of policies.

So announcing a target or introducing a points system or work permits would do nothing beyond what Jersey is already doing. And Jersey does have a population policy. The aim is clear, to moderate the rate of increase of the population. The mechanism to achieve this is equally clear: by housing and employment controls that give preference to locals and put obstacles in the way of non-locals. The policy has been in place for many years, although the extent to which it has been successful is very difficult to say. More recently, the policy has been augmented by seeking to equip more local people to meet the requirements of the labour market, essential if aspirations on population are to be achieved.

So, again, let us be clear. The current policy, and any other policy that might be implemented, is incapable of restricting net immigration or the total size of the population to a specific number, and anyone who pretends that this can be done is either deceiving himself or herself, or seeking to deceive the electorate.

The size of the Jersey population in the years ahead will depend on two factors. The first, and by far the most important, is the health of the economy. Jersey has had five

years of successive economic decline, and the finance industry remains under some pressure from global political and regulatory developments. So far the industry has reacted well, but should it decline significantly there is no other industry that can take its place in terms of employment, incomes and tax revenues. So, if finance does well the economy will do well and the population will continue to increase or at least will not fall significantly. If finance does not do well depopulation might become the big political issue.

The second, but less important, factor is the success of policies to restrict access to housing and jobs by non-local people, but this must be combined with improvements in the quality of education and training for employment. And there is an important trade-off here. If Jersey people able to live off savings or the income of partners choose to do so rather than work, then more immigration is needed because people living in Jersey want to shop, to improve their housing, to eat in restaurants and to travel, all of which require labour. The recent Interim Population Policy report notes that 94% of those born in Poland were economically active compared with 75% of those born in Jersey. And the unemployment rate for Poles was 2.9% as against 6.4% of Jersey-born people. However, it is fair to note that the Jersey figures are partly, but not wholly explained, by many more Jersey-born people of working age being in full time education.

It is often tempting to point to a system in another jurisdiction and to claim, often on the basis of no evidence, that it should be transplanted to Jersey. While it may be helpful to understand how other states seek to manage immigration there is no magic bullet. The starting point has to be that Jersey is in a Common Travel Area with the UK, the rest of the Channel Islands, the Isle of Man and Ireland. It would be disastrous for Jersey not to be in this arrangement (although it might certainly be effective in sharply reducing the population) and it follows that Jersey does not have the option of introducing immigration controls on those travelling from other parts of the area. The only policies that Jersey can use are the ones that it does use – housing and labour market controls. Comparable jurisdictions use the same controls albeit not necessarily in the same way – Guernsey for example has a two tier housing market. The one jurisdiction that Jersey can learn from is Singapore, which has a joined-up policy on talent management, skills development, education and population. The hard reality is that if Jersey wants to continue to have a high and rising standard of living and slower population growth then it must produce a better educated and skilled workforce and increase the labour market participation rate of

local people. In Jersey only 16% of the Jersey-born workforce have degree level education, compared with 26% of those born elsewhere in the British Isles and 40% of those born outside Europe. For comparison 60% of the inner London workforce have degree level education.

A final point. As a full time politician I am well aware of falling into the trap of believing that politicians determine things. They don't. They influence things – generally at the margin. The fact that Jersey has a new Housing and Work Law, a population register and a population office does not necessarily mean that there is or will be any effect on the size of its population. There is no study on what the impact of policy so far has been. It is possible that if all controls were removed the population would not change much. It is simply a myth to believe that there are thousands of people desperate to get into the Island, being held back by “floodgates”. The experience with Romanian and Bulgarian immigration into Britain when controls were lifted at the beginning of this year is a salutary lesson. Despite scare stories that thousands of Romanians and Bulgarians would flood into Britain the number did not even constitute a trickle. Indeed, the number of Bulgarians and Romanians in Britain actually fell in the first quarter of 2014; it has since increased in response to the economic upturn in line with the increase from other Eastern European countries. Employers will confirm that recruitment from off-Island is not easy; Jersey is an expensive place in which to live and to travel to and from, and with few of the attractions that large cities can offer; it is also not attractive to potential benefit tourists.

Jersey has many problems that need addressing: a dysfunctional States (just 25% of the population have confidence in the States - a significantly lower proportion than in the UK), an education and training system that is well below the best globally, an ineffective planning system, and expensive connectivity in respect of telecommunications and air links. Tackling these problems directly would make a major contribution towards achieving the objective of rising prosperity and moderating population growth.