

POPULATION POLICY – POLITICAL PRESSURES AND ECONOMIC REALITY

Text of Speech by Mark Boleat at Jersey Chamber of Commerce Lunch, 28 March 2012

This is the third time I have had the pleasure of speaking to a Chamber of Commerce lunch in Jersey. On the first occasion, 37 years and 84 days ago, on 5 November 1974, I spoke about the economic relationship between Jersey and the UK. The JEP had a lengthy report of my speech under the heading “A break from the UK would be economic disaster for Jersey”.

17 years ago I spoke about the report of a working group I had chaired on population policy.

Today I am delighted to return to this subject, having found myself taking a keen interest in the economic history of Jersey, a subject inextricably linked with population trends.

I will begin with a little history and then seek to make six key points -

1. Economic prosperity and a rising population go hand in hand. A rising population presents challenges that can be met; a falling population is more likely to be a disaster.
2. A rising population presents no sustainability issue for Jersey; a falling population would.
3. The elderly, per se, are not a burden on the rest of the community. The people who are a burden are those who do not have sufficient income and wealth to maintain a reasonable living standard.
4. Unless the employment participation rate by local people increases immigration is essential to maintain living standards and economic growth.
5. The extent to which the Island can influence its population is limited and the policies that have been pursued in the recent past have been the most appropriate in the circumstances. But expectations of what can be achieved are unrealistic.
6. Large scale two way migration is an essential component of Jersey's greatness.

History

The people of Jersey have consistently believed that Jersey is over-crowded and that population growth must be constrained -

- In 3000 BC the natives felt that a population of 2000 was too large; their wishes were granted and the population fell by 75% over the next 1000 years, largely because Jersey shrunk as the sea level rose.
- In his recent admirable study of the history of Jersey, Colin Platt suggested that even before 1300 Jersey was “becoming dangerously overcrowded”, at a time when the population was about 10,000. Again the “no growthers” had their way as the population halved over the next century – as a result of the Black Death.
- The influx of French refugees at the end of the 16th century led to the first population controls - locals had to report to the parish constable if an alien stayed in their house overnight.
- A 1906 report on immigration expressed concern about the growth of the French population in the Island and led to a requirement for all aliens in the Island to be registered.
- In the post-war period a succession of States report have set targets for the size of the

population and various policy instruments have been used to attempt to control the size of the population.

1. Economic prosperity and population growth

Economic growth and population growth tend to go hand in hand. A prosperous area will attract immigrants and provide an incentive for people who might otherwise have left to remain. Any number of examples can illustrate this. The North Sea oil boom led to rapid economic growth in Aberdeen which led to strong inward migration. The converse also applies. Where communities have been reliant upon particular industries and those industries decline, then population decline is likely to follow. Mining villages in the north of England are an obvious example, and the same is true of many agricultural areas throughout the world.

Particularly in smallish areas, an upward or downward trend in economic activity, and therefore in population, can easily feed on itself and become accentuated. If there are few job opportunities young people will leave, the population will age, house prices will fall, spending power will fall, shops, restaurants and other facilities will diminish, the area becomes less attractive and more people leave.

Jersey has a rising population because it has been a highly successful economy, giving its people a standard of living well beyond that in the UK or France.

2. Sustainability is not an issue

The population debate in Jersey is often linked with the issue of sustainability and whether the Island has the resources to accommodate a larger population. In fact these concepts are all fairly meaningless. A given area that is not naturally inhospitable or inaccessible can accommodate almost any size of population. Sustainability depends on the productive capacity of the people combined with income derived from outside the community, for example from investments. It does not depend on natural resources. A geographically large village in the middle of Brittany with a population of 500 and no other village within 20 kilometres is probably not sustainable and is facing a declining population. A more densely occupied territory with 100,000 people that has a thriving finance and tourist industry and is attractive to wealthy immigrants is very sustainable. That community generates the income necessary to pay for goods and services imported from abroad that the community cannot sensibly produce itself.

3. The Elderly are not a burden

It is a common belief that the elderly are, by virtue of being old, a burden on the rest of the population. For example, the current Council of Ministers policy statement on population states that given zero net immigration the projected "decline in the working age population is such that it would not be able to support the Island as we know it today". While this may be broadly true for the planet, and for large countries, the smaller the community the less true it is, and it is not true in Jersey, any more than it is true of a household comprising two multimillionaires both over the age of 70. Not everyone in the working age population works and some of those who do produce limited output and earn limited income as a result. By contrast, many elderly people with substantial private savings and pension income derived from outside Jersey are in no way dependent on the working population and indeed their spending power helps provide employment for the Island.

An example can illustrate the point better. The Island currently had a depressed housing market and high unemployment. The influx of 100 unskilled workers would improve the dependency ratio, by increasing the working age population in relation to the total population, but would simply be a burden on the Island because they could not find work or, if they did, it would partly be at the expense of people already living in Jersey. By contrast, the influx of 100 elderly multimillionaires, determined to spend their wealth before they die, would worsen the so-called dependency ratio but

would also increase economic activity and tax revenue in the Island and thereby reduce unemployment

4. Employment participation

The Census showed that Jersey's population in March 2011 was 97,857. Allowing for a definitional change the increase from the 2001 Census was 9,100. However, the annual estimates published by the Statistics Unit suggested that the increase should have been much lower at 6,000, the difference being almost entirely explained by net migration totalling 6,800 as against a figure of 3,400 suggested by the annual estimates.

There are several reasons for this discrepancy. A major one is the decline in the employment participation rate of Jersey-born people. In 2001 82% of Jersey-born residents of working age were economically active compared with 78% of those born elsewhere in the British Isles. In the 2011 Census the figure for Jersey-born residents had fallen to 75% while that for those born in the British Isles had increased to 85%. It should be noted that the proportion for those born elsewhere in Europe was much higher – 90% for those born in Portugal/Madeira and 94% for those born in Poland. These figures are significant. If the Jersey-born proportion had remained at 82%, 2,000 more Jersey-born people would be working. It does not follow that net immigration would have been exactly 2,000 less but clearly if jobs need to be done and local people are not doing them then labour has to be attracted from outside the island.

There is scope for debating whether immigrants are “stealing” jobs from Jersey people, or rather whether an increasing proportion of Jersey people have built up sufficient wealth that they no longer need to work. In practice the position is quite complex. However, it seems likely that it is the second explanation that is more important. Jersey is by any standards an affluent community and it is entirely natural that as wealth increases so the proportion of people who are economically active falls. The availability of good quality workers from the UK, from Portugal and more recently from Poland facilitates this process.

The working party on population that I chaired in 1996 commented on this trend and its conclusions hold good today –

“Population pressures would be reduced if there was greater labour force participation by the local population. While it is understandable in an increasingly affluent society that people are no longer prepared to work for relatively low wages, the fact is that the less local people are willing to take on low paid jobs, the more there is a need for immigrant labour if the Island's basic services, export industries and prosperity are to be maintained.”

The 2009 policy statement by the Council of Ministers made the same point, saying that its target “will mean a greater emphasis on the other policy responses in the long term, in particular increasing pensionable age, working longer, increased workforce participation and new forms of public contribution to fund the costs of old age.”

I was struck also by the recent comments by David Warr, the President of the Chamber of Commerce. He is about to open a new business and although he has not advertised for staff “he had already received numerous CVs from Poles looking for work and none from Jersey people”.

5. The ability to control the size of the population is limited

Some seem to believe that the size of Jersey's population is within the gift of politicians. It is not. The ability to control Jersey's population is severely limited by several factors –

- Birth and death rates cannot be controlled.

- People acquiring residential right by marriage. This includes immigrants to Jersey marrying local people and local people returning to the Island after higher education and perhaps a few years employment with partners who would not otherwise be residentially qualified.
- There are about 20,000 residentially qualified people living outside Jersey who can return to the island at any time. It can be financially very attractive for such people to return to Jersey on retirement. The number returning is probably running at about 150 a year and is likely to increase.
- Jersey needs workers to sustain its economy and if locals will not do the jobs then labour must be imported, and a significant proportion of those who come to work in Jersey acquire residential rights through time lived in the Island if not through marriage.
- There can be no controls of emigration, and the more local people who choose to leave the greater the demand for immigrant labour.

All that policy can seek to do is to influence population trends by making it easier or more difficult for some people to live or work in Jersey – but recognising that policy instruments such as regulation of undertakings and controls on who can buy or rent housing are blunt instruments.

There is to temptation to believe, wrongly, that any of the following constitutes a policy or a mechanism to control population growth –

- A population register – merely a means of counting the population – and one fraught with difficulty.
- A target either for the size of the total population or for annual net immigration.
- Work permits – pointless on their own given the existence of the regulation of undertaking law.

6. Jersey's greatness depends on two way migration

Jersey is a wonderful paradox. The politicians and the media suggest an antipathy towards immigrants, itself a paradox as half the population are precisely that and most of the remainder are descendants of immigrants in the last century. But the Jersey people are welcoming to immigrants and there is virtually no tension between different communities.

Immigration has been on the political agenda for hundreds of years, but for much of that time emigration has also been an issue. The people of Jersey have been outward looking ever since boats were built that let them get off the Island. It is claimed, without any evidence, that Jersey men were fishing in the Grand Banks off Newfoundland before Columbus discovered America and there is ample evidence that they were there in the 1500s. In the 17th century hundreds of Jersey men settled in New England, partly to escape poverty at home. Philip Langlois (who changed his name to English) and John Cabot were two of the most prominent Jersey exiles, becoming leading figures in commerce and public life.

The first Jersey settlements in what is now Canada were established in the 17th century. In 1837 there were 1,237 Jersey-born people living in what is now Quebec. To quote from the Encyclopaedia of Canada's people -

“People from Jersey and Guernsey also dominated local political life, where their influence far surpassed their meagre numbers but was an accurate representation of their social position. They were mayors, town councillors, sheriffs, custom agents, justices of the peace, school commissioners, secretaries of municipal councils and school boards, postmasters and telegraph operators. Living among largely illiterate populations, the Channel Islanders appear to have benefited from their few years of education.”

By 1880 10,000 Jersey-born people were living in England. The 1905 States report expressed concern at the departure of so many young people from the Island.

For most communities the emigration of young people is a symptom of decline - a vicious circle of fewer job opportunities, net emigration, closure of facilities, more unemployment etc. There are any number of examples.

But in Jersey emigration has not been a disaster as it has been counter-balanced by immigration – to service a succession of industries from shipping and shipbuilding to construction, agriculture, tourism and finance.

Let me conclude this section with a wonderful quote -

“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 has proved to be a highly successful season in National League 1. 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.

So what should the government do?

What policy prescription follows from this analysis? The starting point is that the Jersey people have expressed the view that they want immigration to be controlled. But the Jersey people also want rising living standards and the ability not to work when they can afford this. These two wishes are not compatible, so a key point is for politicians and the media and commentators to be honest on this point and to recognise the trade-off. If the people of Jersey want to continue to enjoy a rising living standard without net immigration the labour force participation, and not just by the people currently employed, must increase.

Of course Jersey cannot allow unrestricted immigration, and no one would suggest that. The policy instruments that have been used – seeking to limit employment and housing rights - are not only the right instruments, they are the only ones. They need to be regularly reviewed and refined as is currently being done. And of course it is right that local businesses should seek to fill vacancies from local people, but not at the expense of reducing quality that is essential to Jersey's success. If the real issues are employability and attitude it is these that must be tackled head on. But it must be accepted that the available policy instruments are blunt and are far less powerful in their effect than the emigration of young Jersey people and the low labour force participation rate of local people.

A final thought. Perhaps if politicians stopped telling people they should be worried about immigration there might be less of a problem. Jersey's 2011 Census has provoked concern and promises of a policy response on the strange grounds that knowing that the population is 3,000 higher than was previously thought creates problems, whereas the population being 3,000 higher than was previously thought does not. Perhaps Jersey can learn a lesson from Guernsey. Its 2011 Census has caused no concern. It did not have one.

Mark Boleat has published a detailed study [Jersey's Population – A History](#), available on his

website www.boleat.com.

Mark Boleat was born in Jersey but has lived in London for 40 years. He has undertaken a number of projects for the Government of Jersey, including reviews of housing policy, consumer policy and population policy. He has been Director General of the Building Societies Association, the Council of Mortgage Lenders and the Association of British Insurers. He has written a number of books on housing and housing finance and undertaken consultancy work for the World Bank, the OECD, the United Nations and national governments.

He is Chairman of the Jersey Competition Regulatory Authority, the States of Jersey Development Company, the Association of Labour Providers, Quant Capital Partners, Claim Witness Solutions and UK Social Data Services, a member of the British Government's Regulatory Policy Committee and Deputy Chairman of the City of London's Policy and Resources Committee.

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