



AFTER CORONAVIRUS

A 'NEW DEAL' FOR JERSEY

No going back to business as usual

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Reform
Jersey

Introduction

After facing our greatest public health crisis in a century and our second major economic crisis in just over a decade, Jersey now finds itself at a crossroads to determine how we can build a future together for our Island.

Throughout the coronavirus pandemic we have seen the very best of our community. Whilst tens of thousands of Islanders adhered to strict lockdown requirements, our front-line workers (often in low-paid sectors) dedicated themselves to serving and protecting the public, sometimes in circumstances which were unsafe for their own health. Our voluntary sectors and networks stepped up in a co-ordinated effort on a scale never seen before to support the most vulnerable. The government intervened directly in the economy to provide an unprecedented package of support for businesses, to prevent mass unemployment and destitution.

Jersey had serious problems before this crisis hit, which were often made worse by government policy. The previous decade had seen a huge growth in the gap between the rich and the poor, with poverty rising and wages stagnating. Despite record numbers in work, productivity had been steadily declining, and we had just had a year of pay disputes in the public sector.

A return to business as usual will not address the underlying problems that Jersey has been suffering from for years.

Following the previous economic crisis of 2008, Jersey's government attempted to build a road to recovery based on austerity policies, which meant large-scale cuts in spending on essential public services. It did not work then, and it must not be repeated now. Instead we need a **'New Deal'**.

This 'New Deal' must be a concerted effort to rebuild our society based on fairness and justice, through implementing a coherent government programme (the "Three 'R's").

This cannot be achieved through wishful thinking, lucky coincidences or platitudes. There must be an effective campaign led by a cross section of the community which creates a political atmosphere in which these principles be agreed by the majority.

We have a choice between another wasted decade on austerity or to build on the momentum we have now to bring people together around a New Deal which ushers in a new era of prosperity. Succeeding generations will be condemned to a poorer future if we do not learn from our history, and make the wrong decision.

Principles

The central principle underpinning the philosophy of the 'New Deal' is that austerity does not work. Instead, we must seek to rebuild our society based on fairness and justice. Increasing inequality, rising poverty and insecure work are unacceptable.

These principles will include:

- The government should be seen to be on the side of the people, not vested interests
- The value we give to work should be based on its social impact, not just its financial worth
- Healthcare must be free at the point of need
- No vulnerable person shall be left behind
- Public services are best provided directly by the public sector
- Government intervention in the economy is positive action to provide a stabilising effect and to achieve our strategic objectives
- Taxes should be progressive
- Our environment must not be sacrificed for short term economic gain for investors

The Three 'R's

To make real the ambitions of the New Deal, the government will have to decisively implement policies which have been carefully crafted to take Jersey in the direction of a fairer society.

This must be delivered in three phases, starting with addressing the urgent issues facing Islanders suffering hardship now ("Relief"), bringing our economy back to a state of strength ("Recovery") and systematically changing our economy and government systems to deliver resilience in the face of future crises ("Reform").

Relief – Continuing support for Islanders in the immediate aftermath of the crisis

Many Islanders are hurting, having suffered from hardship which was not of their making. People have lost their jobs and incomes, businesses have failed, and many have racked up debt. If these people are not helped, we will see the recession prolonged and more Islanders facing increasing hardship.

There must be no cliff edge where Islanders suddenly lose the financial support they have had to rely on, before their livelihoods have been restored. If relief is pulled from these people too early, then it will exacerbate the economic crisis.

Possible policy proposals:

- Provide free access to primary health care, through maintaining the government employment of GPs
- Extend the rent freeze legislation until 'rent stabilisation' measures can be implemented
- Continue the co-ordinated voluntary sector efforts
- Reduce the qualifying period for unfair dismissal
- No immediate withdrawal of access to Income Support for Islanders with fewer than 5 years residency
- Write off debts accrued by households who will struggle to achieve independence otherwise

Recovery – Transforming our economy and public services to drive up the standard of living

Businesses have received a massive bailout from the government to prevent a complete economic collapse, but our economy will not be restored to full strength by withdrawing now. It will require government intervention to support targeted sectors and raise working conditions which will help reach a point where our economy is strong enough to provide opportunities for Islanders and the revenue to fund our strategic aims.

Before the crisis, our economy did not work in the interests of our whole community. The proceeds of economic growth over a decade have only been felt by those at the top of the income scale, whilst those in middle saw their economic standard of living frozen and those at the bottom saw relative poverty increase. This is a sickness which must be corrected in a new economic framework if we are to secure our long-term sustainability and wellbeing.

As well as addressing the structural problems which have delivered a decade of frozen living standards and growing income inequality, we must prepare our economy for the challenges of the future. With any economic stimulus package that is created, there must be a focus on green jobs and digital skills.

Possible policy proposals:

- Bring Minimum Wage up to a 'Living Wage'
- Abolish unfair zero-hours contracts
- Provide pathways into employment by government employing those out of work to undertake public projects, and training opportunities for those who need to re-skill
- Subsidise struggling economic sectors (e.g. agriculture) to improve terms and conditions and invest in the industries of the future, through training and support for businesses

- Take over the remaining privatised utilities, and shift operations towards our strategic aims
- Intervention into the rental market through rent stabilisation, greater protections for tenants and restrictions on investment opportunities (i.e. buy to let)
- Require larger private businesses, especially in the finance sector, to offer pension schemes
- Have the government invest in and support businesses while taking a stake in company profits. JT has been remarkably successful, the same ownership/investment model could be used elsewhere if done correctly
- Factor in cost of living pay rises for public sector workers into Government Plans and Budgets.
- Restore free collective bargaining in the public sector

Reform – Ensuring that we build systematic resilience for future crises

Jersey's journey through the coronavirus crisis was made easier by the fact that previous generations had paid into large reserve funds which Jersey was able to fall back to stabilise our situation and provide cashflow for emergency response actions. But our ability to pay back into the reserves will be hampered by a broken tax system which held back our access to those funds.

Getting new support packages up and running took too long and exacerbated the crisis whilst Islanders could not benefit from them. The co-funded payroll scheme allowed otherwise viable businesses to fail because it took 6 weeks before they could claim anything as well as caused great anxiety for many because of its lack of clarity. And the agreement between the government and GPs took too long to finalise.

In the event of a future crisis, the government must be able to implement a response swiftly to ensure the damage done is as limited as possible.

- Create a clear "Crisis Response Plan" ready to be implemented in the event of a future crisis
- Restore requirement for businesses trading in Jersey to pay Corporation Tax
- Social Security Contributions reform to scrap regressive caps which see the highest earners pay proportionately the least, which leads to the taxpayer subsidising of the Social Security Fund
- Income Tax reform to see highest earners paying under the same regime as others
- Incorporate primary healthcare into the public sector