

**WRITTEN QUESTION TO THE CHIEF MINISTER
BY DEPUTY G. P. SOUTHERN OF ST. HELIER
ANSWER TO BE TABLED ON TUESDAY 3rd FEBRUARY 2015**

Question

Has the Chief Minister considered the question posed by US President Barack Obama in his State of the Nation address as to how much longer we will “accept an economy where only a few of us do spectacularly well” and, if so, what is his response in relation to Jersey?

Does the Chief Minister accept the now widely held position, by such people as the Chief Executive of Unilever, Paul Polman, and the Managing Director of the IMF, Christine Lagarde, that the growth of inequality reduces economic growth and decreases social mobility to such an extent that action must be taken to reduce excessive executive pay and is he prepared to take steps to do so in Jersey?

Does the Chief Minister accept the conclusions of the report on which this is based on “inclusive prosperity” which advocates wage growth for low earners and support for effective trade unions if economic growth is to be achieved in the UK and US economies?

Answer

To support economic growth we need to promote equality of opportunity, focusing on improving education so we have the best possible local workforce for the future, and removing barriers to enterprise. As the President of the United States said, “expanding opportunity works”.

As industrial societies have developed we have seen increasing social mobility, universal education, innovation and enterprise all supporting economic growth and enabling people to share in the available wealth.

In Jersey, a smaller proportion of people live in relative low income than in the United Kingdom, and than almost all the OECD countries, including Germany, Denmark and Sweden.

In addition, Jersey has increased its minimum wage each year throughout the recession, while many other jurisdictions have frozen theirs. Nearly half of the countries reviewed by the UK’s Low Pay Commission in 2014 had not increased their minimum wage rates between 2012 and 2013. In countries that had increased their minimum wages, the increases were more modest than in previous years.

We are encouraging people on low incomes to remain in work by increasing the amount of income support they can retain in work, while strengthening sanctions. We continue to invest in the “back to work” programme.

Government measures to limit pay in the private sector are not needed, and will not help, especially in a small Island competing for business. Private sector businesses create jobs, and we should welcome people who create wealth and pay taxes, support incentives to do well, and value the contribution of Islanders from all walks of life.

The way to raising living standards is not to penalise people who are successful, but to increase productivity, earnings, and employment, in particular for those on low and middle incomes, while containing prices for consumers and businesses.

There is a role for trade unions and a range of bodies working in constructive partnership as part of this agenda of productivity, participation and raising living standards.