

I hate to say it to Jersey, but I was right all along: ...

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The [Jersey Evening Post](#) has headlines this week that include:

Where did it all go wrong? - Ministers announce predicted shortfall of £125 million by the end of 2019

More recent readers of this blog will not be aware of just how frequently I commented upon Jersey's affairs at one time, and with good reason.

One of my recurring themes from 2007 onwards was that Jersey would one day, as a result of its introduction of a zero per cent corporation tax, face an insurmountable financial black hole that would bring its States finances to its knees.

I got the timing wrong: I admit that. [In 2007 I forecast that a deficit of £134 million might arise by 2012](#). [This was averted by privatisations, raising reserves and cuts](#). [But such measures cannot hold off the inevitable forever](#). [I repeated the warning many times since then](#). All were ignored by Jersey's ministers who said I was completely wrong. The evidence now makes clear who read the runes correctly.

The result is that, as the JEP notes:

To plug the gap ministers have suggested a budget-balancing programme of £130 million in new income — £35 million from a new health charge, £35 million in other efficiency savings including benefit changes and 'user pays' services charges and £60 million in staff savings.

The money is needed to combat lower-than-expected revenue, coupled with increasing funding pressures on key areas such as health and education.

No measures have been ruled out, with compulsory public sector jobs cuts being considered for the first time in order to save money.

So, to pay for Jersey's continuing status as a tax haven ordinary people are to pay for

their healthcare with a charge on top of their taxes, those in need are to lose their benefits and people are to lose their jobs. It was ever thus: the needs of the tax abuse industry always come first in Jersey.

That could not be clearer from the JEP's report of the location of the announcement of the crisis in Jersey:

Treasury Minister Alan Maclean, who yesterday unveiled the new savings plan at an Institute of Directors lunch, said: 'What I'm concerned about is making sure we learn from the past and make sure we continue to have strong public finances.

'Hindsight is a great thing and it's been proven that our optimism wasn't as justified as it could have been, but we live in a particularly volatile world at the moment.

The details of the crisis were announced to the Institute of Directors, not the people of Jersey.

But what is really telling is that Maclean admitted that Jersey's optimism had not been justified. **This is what I wrote in 2007:**

On the back of two good years Jersey is now forecasting growth of 5% when there is every sign that it's only core business sector is in crisis. 0% might be a good substitute.

Jersey has always suffered from this over-optimism. It probably still is.

But what is really interesting is the persistent refusal to admit what has gone wrong here. The **JEP's own comment piece on the crisis is clear evidence of that, saying:**

FOR too many years, ministers have turned on those who challenge their party line that all is rosy in Jersey's economic garden. Critics have been denounced for betraying their Island, for talking it down by departing from the carefully controlled script on our public finances which has become an insincere mantra for those at the top of politics and the civil service.

But what they go on to describe is a crisis that they believe has been wholly created by a lack of cost control. There is not a hint of the true cause of the problems Jersey faces. Jersey has a crisis for three reasons, and they have not changed from 2007.

The first is that you cannot run an economy on the basis of not properly taxing your biggest economic activity, which in Jersey's case is finance. When so many companies using Jersey pay no tax at all and those in the finance sector that do pay tax pay at half the normal rate of course there is going to be a financial crisis in the Island. It did not take genius on my part to predict that. It only took an honest appraisal of the data, which is what I delivered.

Second, Jersey has remained wedded to a tax haven model for its economy when tax haven activity has come under scrutiny and many of the reasons for using Jersey provided opportunities for abuse have been taken away as a result of the efforts of tax justice campaigners. We said we would win, and Jersey was for a long time the target of much of our comment. We have won, but Jersey was always in denial about the fact.

And third, Jersey refused to change. **I offered it what I called Plan B for Jersey as long ago as 2010 because of the obvious crisis that it was bound to face. I was ridiculed. Maybe a few more should have listened to me then. Jersey would not be in the mess it is in now if they had.**

My sympathies lie with the ordinary people of Jersey. The future is, though, in their hands. It is time for them to vote the politicians who have sold their island to the finance industry out of office. And it is time to build a new future. It will be harder because a decade has been lost. But if Jersey does not change now then what I have always said might happen will take place: Jersey will go bust.