

Jersey's economic wasteland enjoys a one-off dead-cat b...

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The [Jersey Evening Post](#) had a headline yesterday that read:

Jersey's economy beats rest of Europe

As exercises in wishful thinking go this is a pretty good example. The story relates to the fact that in 2014 the Jersey economy enjoyed its first growth since 2007, with gross value added (the island's best equivalent to GDP) growing by five per cent and now totalling £3.9 billion.

But as the paper noted:

The increase is mainly due to the strong performance of the finance sector.

And as it added:

The statisticians say that in real terms, the average economic standard of living of Island residents has fallen by 20% since 2001, and by 19% since 2007 over the course of the recession.

In comparison, between 2007 and 2014, the average economic standard of living increased by ten per cent in Guernsey and was essentially unchanged in the UK — down by less than 1%.

The reality is, then, that in fact Jersey has been an economic wasteland this century. And even wastelands have to bounce occasionally, and in 2014 Jersey did. In that case it is fair to ask why that happened and the answer is obvious: the markets were rising so percentage based management fees to Jersey fund managers rose with them. And now markets are down again - by more than 10% with the last quarter being the worst for world markets since 2011. That means Jersey's rentier economy that skims a living by a taking a small fraction off the funds flushed through its financial services sector will be down again this year.

It's time Jersey realised that it really is on a road to nowhere. But Philip Ozouf, its

assistant chief minister, was certainly not keen to share that view when we spoke this week. So events will have to eventually catch up with him. They always do.