

# Back to the future

When we look back over the last half century we can also learn about the time yet to come, says Anthony Dessain, senior partner, Bedell Cristin



Anthony Dessain: 'Since every decade has been different over the last 50 years, I have no doubt that every decade will be different in the next 50 years'

**T**HERE is a tendency to look back fifty years to the 'good old days'. The summers were long and hot and the pace of life more relaxed, but not all was so good.

There was back-breaking labour, fewer medical and educational facilities; that are so important, more illness and we died younger. There was no double-glazing, no central heating. Many had no cars, not even landline telephones. There were four telephone exchanges - Central, West, East and North with four or five digit numbers. You had to wait for the operator to give you the number you were calling or, for long distance calls, say 'trunks please'. One advocate refused to have a telephone so you needed to see him to make an appointment. There were neither mobiles nor computers. Mail was sent by boat and there was a long wait for a reply. Allowing ten days from receipt of a letter to a reply was considered satisfactory.

When Hill Samuel became the first merchant bank to set up in Jersey in December 1961, it operated from Bedell Cristin's offices in Regency House. The total staff numbered one and comprised our firm's receptionist. She had a book in a draw with a key. She received deposits and noted them and repaid customers when requested. At 5 pm every evening she would telephone London and report the state of the bank. There were few banking laws. There were no regulations. It was simple and there was absolute trust and honesty. That lasted six months until premises were taken and dedicated bank staff appointed. Kleinwort Benson followed shortly afterwards.

It was so different in those early days of the 1960s. The Royal Court sat on a Saturday morning and one division is still called the Samedi (Saturday) division. Pleadings were in French. Judgments were given, but usually without full reasons, thus not creating a source of precedent for future guidance. The statutes were few, short and simple. The use of handwritten medieval French script was more predominant. Photocopiers did not exist and, when they were introduced, it was necessary to hang the copy up to dry.

Typewriters were manual, noisy pieces of engineering. One typing error would require the whole page to be retyped. Documents were typed, read by two people and corrected. Heating and insulation was basic. The style of management was more authoritarian and terms such as 'human resources', 'marketing departments', 'compliance officers' and 'IT' were unknown.

The 1970s saw a great growth in trust work and when exchange control was lifted in 1978, business opportunities opened and confidence increased. Many countries in the world were becoming independent and there was a

flight to safe havens for people from those countries and their assets.

By 1973 banks had established a presence and were able to operate under the Depositors and Investors (Prevention of Fraud) (Jersey) Law 1967. Politicians were concerned at the growth of the finance industry, the impact on population and infrastructure resources. Banking licences were then refused and many banks opened in Guernsey as an alternative. In the 1970s, telexes were introduced and a six-foot message always caused excitement in the office. The fax machine, in about 1978, was the size of a chest of drawers. It used paper that later faded and each page took six minutes to transmit or receive.

The 1980s saw more tax anti-avoidance provisions introduced in the UK and elsewhere limiting the use for UK tax payers and increasing the reporting requirements. Financial markets were opened up and cross-border activity increased.

The 1990s brought more anti-abuse laws and regulation, culminating in the Edwards Review. By 1998, 79 banks operated in the Island. In the 2000s more regulation, complexity and procedures were introduced. The sums became much bigger. Today computers are ubiquitous and we have the internet.

The political profile of Jersey has increased. Our heads are now higher above the parapet and we are in the full view of the OECD, the IMF, the EU, Westminster and the media in a way which, in the past, was not the case. Before, we may have been too small to matter and it would be wrong to assume that today that is still not the case.

**H**owever, we are more prominent as a result of our success and we have become the target of attack for those who are against international financial centres, onshore or offshore generally, and also those who perceive countries that do not need to raise their taxes in order to survive as being a place of tax leakage for jurisdictions that do increase their taxes.

The fact is that for international business, Jersey is tax neutral. Transactions are taxed in the country of source and in the county of final destination. Assets are collected together in Jersey and then made available when needed elsewhere, so the tax neutral status that we have is entirely appropriate.

Since every decade has been different over the last 50 years, I have no doubt that every decade will be different in the next 50 years. Jersey has been nimble and reactive to many changes throughout that time and there is no reason why it should not be nimble and reactive in the future. It would be interesting to consider what

would have happened had there not been the foresight of a number of wise men and women in key positions in the Island over the last 50 years. It might have prevented the finance industry from flourishing. The key industries in the 1960s of agriculture and tourism would still have declined. Where do you think you would be now?

At the time of discussions as to whether Jersey should join the EU, a report compared Jersey to Belle Ile, which is another island

about the same size off the southern coast of Brittany. It is a sparsely populated, poor island and unsustainable. It is totally reliant on the mainland of France to survive. Jersey is self-sustaining. We receive no grants from the UK or the EU. Without the finance industry, the opposite would definitely apply. That would not be good for us, Europe or the UK.

What we learn when we look back is that there will be change in the future. We will have to adapt.

There will be uncertainties, but that has always been the case in the last 50 years, and in the last 500 years of Jersey's history.

I believe the future is bright, provided that we continue to be alert and alive and have men and women of vision to act as a guide for the benefit of us and our children. Plus ça change.

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