

[Toby Parkins] 12:47 pm: I would like to thank everyone for coming today, I will now hand over to Robin to introduce himself.

[Robin Teverson] 12:38 pm: I'm Robin Teverson, giving the 'talk/lecture' today, I've been in business and politics most of my life, currently a member of the House of Lords, I was an economist in business some years ago

[Robin Teverson] 12:47 pm: Cornwall's economy – a quick summary

In the past Cornwall has always been seen as peripheral part of the British economy – a long way away from major national markets, not very good communications, and old time industries such as mining, farming and fishing.

So we've had the accepted mantra that when the rest of the UK plunges into recession, Cornwall is hit even harder – certainly in terms of unemployment – and we then come out of recession later than the rest of the country.

[Robin Teverson] 12:47 pm: But over the last decade, since the last recession in the early 1990s, Cornwall has arguably become more confident and resilient. Why?

It's received a lot of European funding which has meant that new investment in people, infrastructure, and businesses has taken place.

The world has got smaller – Ireland which is further away from major markets than we are became Europe's tiger economy for many of those years. It was a good example to us.

[Robin Teverson] 12:50 pm: Distance has become less important because of information technologies, and Cornwall has had a high take up of broadband.

And I suppose the traditional industries that had been declining in the end just couldn't get any smaller!

[Robin Teverson] 12:51 pm: What is a recession?

Well the best know definition of a recession is two quarters of zero or negative economic growth - usually measured in terms of Gross Domestic Product (GDP). GDP measures the output of an economy. This definition is probably as good as any. And the UK has just registered its first quarter of zero growth (Mar – Jun '08)

[Robin Teverson] 12:51 pm: A depression is a major and prolonged fall in economic activity. Happily for us there has not been a real depression in Europe/N America since the 1930s.

[Robin Teverson] 12:53 pm: How will we know we are in a recession?

Economic statistics take a long time to prepare – so we'll only officially know about well after it's started. But the signs are usually easy to see – rising unemployment, fall in business confidence, fall in retail sales, rise in business bankruptcies. For people, sadly, house repossessions rise too.

[Robin Teverson] 12:54 pm: But the question still is – do recessions sometimes happen because people and the press get into that mindset – so everybody reduces their expenditure to be prudent just in case?

[Robin Teverson] 12:55 pm: So how long do recessions last? The Great Depression lasted from around 1931 right up to the preparations for WW2, around 1938. The early 1990s recession was around 2 or 3 years before confidence was really back in the market, 1990 to 1993. That's pretty typical for post-war western economies.

[Robin Teverson] 12:58 pm: How bad is this recession likely to get? Well contrary to Alistair Darling I think it's unlikely to be the worst for 60 years! That's what we'd all like to know! There are some really special factors this time showing that no recession is exactly the same. We have the huge rise in oil prices, and also food and other forms of energy. Those hit ordinary households particularly hard. But at the same time we also have banks moving to extreme caution from having been offering credit to almost anybody.

[Robin Teverson] 12:58 pm: So prices are up and loans have disappeared.

[Robin Teverson] 12:58 pm: The real problem for Government policy is that it is already spending more than it gets through taxes so it can't put lots more money into the economy (known as fiscal policy).

[Robin Teverson] 12:59 pm: Usually in recessions Government's cut interest rates to stimulate the economy. But because of oil and food inflation is higher than it's been for years. So the Bank of England is under pressure to raise interest rates rather than cut them – that would deflate the economy even more.

[Robin Teverson] 1:00 pm: I was going to go on to the effect on SMEs next - any comments first?

[John Thornton] 12:53 pm: (Indicators) Are there known indicators for this quarter yet?

[Robin Teverson] 12:54 pm: (Indicators) John, no they are only up to June - but the other stats that have come out have not been good

[John Thornton] 1:03 pm: (Indicators) The removal of low end stamp duty will at least kick start the lower end of the housing market?

[Robin Teverson] 1:04 pm: (Indicators) Yes the Government is announcing measures for the housing market today - but I haven't caught up with them yet.

[Andy Coote] 1:04 pm: (Retail Sales) Retail sales seem to be stagnant at present (despite blips in some numbers). If they continue to flat line (or go downwards) is that a strong indicator of recession?

[Robin Teverson] 1:05 pm: (Retail Sales) Retail sales are not good at all - but part of the problem with retail sales is the high street side, on-line retailing is still going well

[Andrew Howell] 1:05 pm: (Energy Prices) Perhaps we should be concentrating more on the oil/energy prices and working to reduce them - rather than tinkering with largely ineffective interest rates?

[Robin Teverson] 1:07 pm: (Energy Prices) Energy prices very difficult to predict or to bring down. There is a real difficulty in increasing supply because of little

investment in middle east and Russia over last decade, and oil reserves have peaked

[Andrew Howell] 1:08 pm: (Energy Prices) I would differ with you there - my last role was with EOn and they can predict all too readily what prices will be!

[John Thornton] 1:06 pm: (Retail Sales) Online transactions have a massive green impact, reduce costs and encourage sales. I think the high street will suffer the most.

[Andy Coote] 1:07 pm: (Retail Sales) Online transaction though result in many more home deliveries which offsets some of the greenness.

[Andy Coote] 1:08 pm: (Retail Sales) Hybrid - order online and collect from high street may be a good compromise?

[Belinda Waldock] 1:08 pm: (Retail Sales) Online retailing growth is interesting, increasing as we look for cheaper alternatives to the high street. something businesses in the south west (rural) can benefit from...

[John Thornton] 1:08 pm: (Retail Sales) One warehouse/distribution point in comparison to many.

[Robin Teverson] 1:08 pm: (Retail Sales) Yes the hybrid approach would be interesting - might also help save rural post offices/ rural infrastructure

[Aren Grimshaw] 1:09 pm: (Retail Sales) Re:Hybrid approach - We did see that as a growth area for 2008 - it appears to be happening with some stores.

[Andrew Howell] 1:09 pm: (Energy Prices) Not so informed on Oil though - don't the Chinese subsidise fuel in order to expand their economy - rather than tax it into the floor?!

[Andy Coote] 1:10 pm: (Energy Prices) Energy watch are claiming that gas prices are linked to oil and are artificially high as a result. Is that something that the government can change?

[Robin Teverson] 1:10 pm: (Energy Prices) Yes lots of countries subsidise oil prices, but some have stopped because it drains national exchequer and stops expenditure in other areas e.g. health and education. Also not good from carbon footprint point of view

[Robin Teverson] 1:12 pm: (Energy Prices) In terms of relationship between oil and gas it is bound to be similar because they are close substitutes, but there is a continental Europe issue on artificial gas prices because of semi-rigged market there. EU trying to change all of that - but lots of vested energy interests in France and Germany etc

[Andrew Howell] 1:12 pm: (Energy Prices) mmm - I'm a bit Jeremy Clarkson on the green issue - but the government do seem to rely all too heavily on fuel tax - which vastly inflates fuel prices - etc...etc...

[Toby Parkins] 1:12 pm: So, What will be the likely effect on SMEs in Cornwall

[Robin Teverson] 1:13 pm: As for SMEs: It depends on the individual company, the market they are in, and how flexible managers/owners are. On the positive side

SMEs usually only hold small percentages of their markets so there's plenty of scope to increase share of a smaller whole.

[Robin Teverson] 1:13 pm: On the negative side SMEs don't have the deep pockets of bigger corporates and can simply run out of cash.

[Robin Teverson] 1:13 pm: The biggest danger is probably bad debts – so SMEs have to really chase money owed to them, and credit check new customers very carefully.

[Robin Teverson] 1:13 pm: A number of SMEs will fall by the wayside – but by managing costs very carefully, keeping the sales and marketing going, and avoiding bad debts you can survive and be even stronger on the other side when things get better.

[Robin Teverson] 1:14 pm: SMEs need to make sure they keep close not just to their customers but also their staff and suppliers. Loyalty and trust gets to be pretty important during difficult times.

[Robin Teverson] 1:14 pm: Of course if you are into running receiverships, or the bailiff sector –times could be very good.

[Andy Coote] 1:14 pm: Cash seems to be the SMEs most important asset at the moment.

[Robin Teverson] 1:15 pm: (Cutting Budgets) Yes keeping overheads under control is very important - but can be quite difficult - but don't kill the sales budget!

[Martin Crump] 1:16 pm: (Cutting Budgets) I agree with not killing the sales budget, it's also crucial not to kill the training budget. Staff loyalty, performance and effectiveness are key to helping SMEs through any recession

[Robin Teverson] 1:16 pm: (Cutting Budgets) Yes in terms of training it can be key as many people have never been through a recession before - especially those in the banking sector who are losing their jobs in London etc

[Stephen Bohane] 1:16 pm: (Confidence) Most of the larger companies I've been to recently in Cornwall still seem v. buoyant and committed to expansion - good news for suppliers.

[Robin Teverson] 1:16 pm: (Confidence) Yes I think there is more pessimism at the moment than is real. Many businesses are still pretty confident. I think this is a big change for Cornwall - due to your work Steve amongst others.

[Robin Teverson] 1:18 pm: So how will the region and Cornwall fare? It is my personal belief that Cornwall's economy has structurally changed for the better. We have a more diverse economy, not so reliant on commodity products – and less seasonal. If UK plc does stay in recession then of course Cornwall will feel the chill.

[Robin Teverson] 1:19 pm: But I believe that with the opportunities that Cornwall's businesses now have world-wide we will perform better than many other of Britain's regions.

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[Robin Teverson] 1:19 pm: By the end of 2010, we will find out!

[Toby Parkins] 1:19 pm: Many thanks Robin for sharing your thoughts on Recession. Are there any questions or any other points people want to discuss?

[Stephen Bohane] 1:21 pm: (Business Future) I'm not getting a feel for how real people out there (you guys) are feeling at the moment re the future of your business?

[John Thornton] 1:21 pm: (US Upturn) how long do you think the up-turn in the us will take to cross the ocean?

[Andy Coote] 1:21 pm: (ICT and Infrastructure) Much of my advantage in being in Cornwall comes from the ICT infrastructure that exists now. Will it get better over the next few years - faster broadband, more wifi etc? And will that help keep our economy strong?

[Toby Parkins] 1:21 pm: (Business Future) We have never been busier

[Andrew Howell] 1:21 pm: (Business Future) For us - we are forging ahead with our growth

[Terrye Teverson] 1:22 pm: (Cutting Budgets) It's hard to invest in training when firms are struggling to pay the wage bill? Although we all know how important it can be. If you are in a redundancy situation it doesn't look good paying out money on training.

[Toby Parkins] 1:22 pm: (Business Future) But we have recently invested quite a lot in novel marketing techniques...

[Toby Parkins] 1:22 pm: (Business Future) ...and emphasising innovation from Cornwall

[Andy Coote] 1:22 pm: (Business Future) I think innovation in marketing and selling will remain important to all of us

[Robin Teverson] 1:22 pm: (US Upturn) I don't know how permanent it is - but it is good that it is moving in the right direction. Everything is so global now we all depend on each other. A big debate in the US presidential elections and primaries has been protectionism - Americans afraid of the Chinese and Latin America, even Canada

[Stephen Bohane] 1:22 pm: (ICT and Infrastructure) New ICT investment - one of the challenges for Convergence funding. Greater minds than mine are on the case but tell us what you want

[Toby Parkins] 1:22 pm: (ICT and Infrastructure) Hence a couple of businesses from London who have visited us today, in here

[Andy Coote] 1:23 pm: (Eastern Economies) The economies of the East seem currently to be growing. How important for the rest of us is it that they continue to do so?

[Andy Coote] 1:23 pm: (Eastern Economies) That's global East btw - not Devon!

[Charla Harris] 1:24 pm: (ICT and Infrastructure) My company has really strong links with a Bristol firm and we are constantly looking at new and innovative ways of communicating - we have recently installed a new server which allows us to transfer large amounts of data into Cornwall really quickly

[Robin Teverson] 1:24 pm: (Eastern Economies) Yes we need the Far East to continue to expand - not just for economic reasons we can also argue that it's for stability reasons too - but it is a part of economic power moving across the globe.

[John Thornton] 1:24 pm: (ICT and Infrastructure) (Budget Cuts) Commitment to training, ICT improvements (cost reduction and more competitive pricing) and a strong focus on fighting through, will keep businesses alive. Closing the doors and cutting staff development is a sure and slow road to failure.

[Toby Parkins] 1:24 pm: (ICT and Infrastructure) The discussion about high speed broadband (not just ADSL) are quite encouraging

[Andy Coote] 1:25 pm: (ICT and Infrastructure) That, Toby, is really what I'm looking for

[Toby Parkins] 1:25 pm: (ICT and Infrastructure) Terrye, are those costs driven up by fuel costs?

[Robin Teverson] 1:25 pm: (ICT and Infrastructure) Operating as a small business myself ICT is really really important - my problem is when it doesn't work properly - over to you on that Toby!

[Toby Parkins] 1:26 pm: (ICT and Infrastructure) :

[Terrye Teverson] 1:26 pm: (ICT and Infrastructure) Toby - no just raw materials paper prices, increased energy costs - lack of sales in the high street driving down sales prices

[Sam Hearn] 1:26 pm: (Tourism Sector) Fuel rises have been the most effective influence on the tourism sector this year. Negative influence, that is.

[Robin Teverson] 1:27 pm: (ICT and Infrastructure) I'm very encouraged by the Bristol example - I think SMEs in Cornwall can really lead in this way and overcome those past distance barriers

[Terrye Teverson] 1:27 pm: WE are paying surcharges on all our carriage but with competition fierce its last man standing mentality - and then what the Banks are prepared to do with phoenix companies.

[John Thornton] 1:28 pm: (Tourism Sector) Domestic tourism has been mainly affected by the lack of the big yellow thing in the sky. I'm sure fuel costs are impacting too.

[Andy Coote] 1:28 pm: (Tourism Sector) And no switch from foreign holidays due to air fare rises?

[Andrew Howell] 1:29 pm: (ICT and Infrastructure) We rely fully on high speed communications to carry out work in global markets daily. On the whole links are very good - although we could do with a lot bigger bandwidth. Let's hope that investment in this continues. All we need to do then is get the hard infrastructure right (duel the A30 and improve airport links!)

[Sam Hearn] 1:29 pm: (Tourism Sector) Yes, true, but most visitors book their visits well before the weather had a chance to upset visitors

[Stephen Bohane] 1:29 pm: (Tourism Sector) Has spend fallen more than numbers?

[Robin Teverson] 1:29 pm: (Tourism Sector) My own prejudice perhaps - but the visitor numbers are another reason why we should not ever become dependent on the tourist sector. It will remain important, but we have to diversify more and more.

[Andy Coote] 1:29 pm: (ICT and Infrastructure) Also quicker rail links? But realise that is non trivial

[John Thornton] 1:30 pm: (Tourism Sector) Plus and minus. People stay in the UK because of air fares but don't spend much as they don't go out for ice-cream, surfboard hire etc.

[Andy Coote] 1:30 pm: (Manufacturing) Is manufacturing in Cornwall growing?

[Terrye Teverson] 1:30 pm: (Tourism Sector) It's next year again that that we will feel the pinch as visitors remember the appalling weather and decide to fly abroad. We have also missed out on the long weekend trade.

[Andy Coote] 1:31 pm: (Tourism Sector) No question it has been an appalling year for weather - even worse than last!

[Andrew Howell] 1:31 pm: (Tourism Sector) 2nd wettest august since records began!

[Robin Teverson] 1:31 pm: (Manufacturing) Good question about whether manufacturing is expanding? Perhaps Stephen Bohane has the numbers or indication?

[Stephen Bohane] 1:31 pm: (Manufacturing) I believe stable in contrast to much of UK but don't have evidence to hand.

[Robin Teverson] 1:32 pm: (Stamp Duty) Have just picked this up on BBC website - "Stamp duty will be payable from £175,000 instead of £125,000 for the next year, in an effort to boost the housing market."

[Andy Coote] 1:33 pm: (Stamp Duty) Stamp duty - all very fine but if no funds to lend - no real effect surely

[Andy Coote] 1:33 pm: (Manufacturing) Is it an objective of the RDA to grow manufacturing?

[Sam Hearn] 1:33 pm: (Tourism Sector) In addition to talks of poor weather and an impending recession, we must look at the rising prices that businesses are pushing in the main tourism season. This will not help a visiting population who are already tightening their belts.

[Robin Teverson] 1:33 pm: (Stamp Duty) Yes I think the stamp duty changes will have very little effect.

[Toby Parkins] 1:33 pm: (Stamp Duty) But to boost the high street we need people spending more.

[Aren Grimshaw] 1:34 pm: (Stamp Duty) Not to mention where they are sourcing the budget from to fund the stamp duty losses

[Stephen Bohane] 1:34 pm: (Manufacturing) RDA objective is to grow high GVA businesses

[Sam Hearn] 1:34 pm: (Manufacturing) Yes, but surely through value for money.

[Conan Sturdy] 1:34 pm: (Manufacturing) Manufacturing wise things are good, metalworking has never been busier- if you've got a niche market!

[Andy Coote] 1:34 pm: (Manufacturing) Niche may be the only way forward

[John Thornton] 1:35 pm: (Tourism Sector) My personal view is that lack of investment and adaptation is the problem. The Cornish tourism sector needs to adapt facilities to cope with our consistently changeable weather. An investment in online marketing, booking etc. would do wonders too.

[Toby Parkins] 1:35 pm: (Manufacturing) Although your niche market is in London Conan. Do you find the markets in London quiet or not affected?

[Robin Teverson] 1:36 pm: (Redundancies) 20, 000 bankers losing their jobs will have an effect - even though there may be little sympathy!

[John Thornton] 1:37 pm: (Redundancies) That's 20,000 people not buying luxury goods. the cascade could be painfull in terms of employment.

[Conan Sturdy] 1:37 pm: (Manufacturing) True- but really busy, as a small business I'm getting a lot of work from developers, on all kinds of projects, Bankers losing their jobs- hah hah serves them right for all their bank charges!

[Conan Sturdy] 1:38 pm: (Manufacturing) Surfing industry must be busy as always in Cornwall?

[Toby Parkins] 1:38 pm: Are there any other points or questions people want to ask while Robin is here - I appreciate he is quite busy.

[Andy Coote] 1:39 pm: No - have to leave as well. Thanks to Robin and to Toby and team for organising.

[Toby Parkins] 1:39 pm: Please everyone, do feel free to talk more, ask more questions or follow up on any other points.

[Robin Teverson] 1:39 pm: It's been very useful to me too, thank you all for your questions and comments

[Sam Hearn] 1:39 pm: (Tourism Sector) I think that with regards the tourism sector, it is not so much that we are entering a recession, but that the market is evolving and changing. We have to change to accommodate it and until we work out what the changes are, we will receive somewhat significant changes to our businesses. - Adapt and overcome

[John Thornton] 1:39 pm: (Cornwall and the Lords) Is Cornish business discussed within the house of lords?

[Stephen Bohane] 1:40 pm: We should thank Robin. Has changed my stereotype of the IT literacy of the House of Lords!!

[Robin Teverson] 1:41 pm: (Cornwall and the Lords) Yes it is discussed some times as there are number of members of the House of Lords with Cornish connections. The interesting thing is that Cornwall is seen as a more interesting place these days - not just holiday destinations in the 1950s!

[Toby Parkins] 1:41 pm: Well can we have a big clap and thanks for Robin for preparing such an interesting talk.

[Aren Grimshaw] 1:41 pm: :clap:

[Toby Parkins] 1:41 pm: :clap::clap::clap:

[Teri Hudson] 1:41 pm: :clap:

[John Thornton] 1:41 pm: totally agree. :clap:

[Teri Hudson] 1:41 pm: Thank you!

[Conan Sturdy] 1:41 pm: :clap:

[Sam Hearn] 1:42 pm: Thank you

[Charla Harris] 1:42 pm: Thank you Robin, very interesting

[Toby Parkins] 1:42 pm: Many thanks Robin. That's been really interesting

[Toby Parkins] 1:42 pm: Please everyone feel free to stay and chat with anyone either privately or in the main room

[Aren Grimshaw] 1:42 pm: Thank you to everyone who has participated.

[Clive Birch] 1:42 pm: Thanks from me too are smileys compulsory?

[Aren Grimshaw] 1:43 pm: Please feel free to submit future ideas, comments etc to info@uknetweb.com

[Eamonn Barry] 1:43 pm: Thanks for the Invite Toby - v.interesting, speak soon!

