

THE CARADON ECONOMY 1992-2002

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2004



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THE CARADON ECONOMY 1992-2002

- As the following table (Table 1) shows, the Caradon economy grew overall by 7.1 per cent per annum between 1992 and 2002 with a faster rate of growth in the first half of the period. The principal expanding sectors were manufacturing, distribution and other community services. Manufacturing experienced a very rapid rate of growth in the first part of the period but declined in the second. The sectors in decline or performing poorly over the whole decade were agriculture (particularly in the middle of the decade) and mining and quarrying.

TABLE 1 Growth in Gross Value Added in Output terms
CARADON

	1992 £m	1997 £m	2002 £m	1992/ 1997 % pa□	1997/ 2002 % pa	1992/ 2002 % pa
Agriculture/Forestry	50.3	17.8	22.2	-18.7	4.5	-7.9
Fishing	0.2	1.4	0.9	47.7	-8.4	16.3
Mining and Quarrying	3.7	2.5	2.9	-7.3	2.7	-2.4
Manufacturing	26.4	97.1	81.6	29.8	-3.4	12.0
Electricity/Gas/Water	1.9	1.3	3.6	-7.2	22.0	6.4
Construction	25.3	38.1	49.3	8.5	5.3	6.9
Distribution	51.6	95.9	145.8	13.2	8.7	11.0
Hotels and Catering	31.3	43.1	63.4	6.6	8.0	7.3
Transport & Communication	13.7	17.4	20.3	4.9	3.2	4.1
Financial Services	8.2	8.1	9.4	-0.2	3.0	1.4
Real Estate/Business Activities	70.6	107.0	162.8	8.7	8.8	8.7
Public Admin/Defence/Soc Sec	8.8	14.0	17.2	9.6	4.2	6.9
Education	19.1	22.1	38.6	3.0	11.8	7.3
Health & Social Work	34.5	50.1	52.5	7.7	0.9	4.3
Other Community Services	16.3	31.9	49.9	14.3	9.3	11.8
Gross Value Added at basic prices	361.9	547.8	720.3	8.6	5.6	7.1

2. The following table (Table 2) compares the Caradon performance with the national average. Overall Caradon's growth was significantly faster than nationally. The table shows, however, that the proportion taken by manufacturing (11.1 per cent) was lower than the national average. Hotels and catering together with distribution and financial services were significantly higher. Agriculture's share stood at 3.1 per cent in 2002, significantly higher than that of the national average of 0.9 per cent.

TABLE 2 Composition of Output 2002 and Rates of Growth 1992-2002
(% and % per annum)
CARADON AND NATIONAL

	Caradon % Share of Output 2002	Caradon Rate of Growth of Output 1992/ 2002 % pa	National % Share of Output 2002	National Rate of Growth of Output 1992/2002 % pa
Agriculture/Forestry	3.1	-7.9	0.9	-1.5
Fishing	0.1	16.3	0.1	2.8
Mining and Quarrying	0.4	-2.4	2.8	6.8
Manufacturing	11.3	12.0	16.6	3.1
Electricity/Gas/Water	0.5	6.4	1.6	0.3
Construction	6.9	6.9	6.2	6.7
Distribution	20.2	11.0	12.6	6.1
Hotels and Catering	8.8	7.3	3.4	7.5
Transport and Communication	2.8	4.1	8.2	5.2
Financial Services	1.3	1.4	0.5	-11.7
Real Estate/Business Activities	22.6	8.7	23.6	8.5
Public Administration	2.4	6.9	5.2	2.1
Education	5.4	7.3	6.1	6.5
Health and Social Services	7.3	4.3	7.0	6.3
Other Community Services	6.9	11.8	5.2	8.6
Gross Value Added at basic prices	100.0	7.1	100.0	5.4

3. The following table (Table 3) illustrates how the share of output has varied over time. Agriculture, whose share of 13.9 per cent in 1992, was well above the national average, fell back to 2.3 per cent by 1998 but recovered to 3.1 per cent by 2002. Financial services have been declining in terms of share from 2.5 per cent in 1992 to 1.3 per cent by 2002. The manufacturing sector share rose between 1992 and 1997, from 7.2 per cent to 17.7 per cent before falling back by 2002 to 11.3 per cent. The distribution sector rose from 16.3 per cent in 1992 to 20.2 per cent in 2002.

**TABLE 3 Change in the Composition of Output 1992-2002 (%)
CARADON**

Measured by Output	1992	1997	2002
Agriculture/Forestry	13.9	3.3	3.1
Fishing	0.1	0.3	0.1
Mining and Quarrying	1.0	0.5	0.4
Manufacturing	7.3	17.7	11.3
Electricity/Gas/Water	0.5	0.2	0.5
Construction	7.0	7.0	6.9
Distribution	14.3	17.5	20.2
Hotels and Catering	8.7	7.9	8.8
Transport and Communication	3.8	3.2	2.8
Financial Services	2.3	1.5	1.3
Real Estate/Business Activities	19.5	19.5	22.6
Public Admin/Defence/Soc Security	2.4	2.5	2.4
Education	4.9	4.0	5.4
Health	5.3	5.2	2.8
Social Services	4.1	4.0	4.5
Sanitary Services	0.3	0.5	0.7
Other	4.2	5.4	6.2
Gross Value Added at basic prices	100.0	100.0	100.0

4. The following tables (Tables 4 and 5) compare Caradon's per capita income with the national levels. Table 4 contains estimates derived from dividing total gross domestic product by total population. Caradon's income per head was some 50 per cent below the national average in 1992. The gap had closed to 42 per cent by 2002.

**TABLE 4 Comparison of Per Capita Income
CARADON AND NATIONAL**

Per Capita Income (£)	1992	1997	2002
Caradon	4,645	6,805	9,037
National	9,403	12,391	15,633
Caradon as a % of National	49.4	54.9	57.8

5. Table 5 shows a comparison based on estimating per capita income in terms of the active workforce.

**TABLE 5 Comparison of Adjusted Per Capita Income
CARADON AND NATIONAL**

Per Capita Income (£)	1992	1997	2002
Caradon as a % of National	73.5	71.1	73.5

6. Although average earnings are significantly below the national average, the following table (Table 6) is a useful additional guide to explaining the differences in the per capita income between Caradon and the national average. It shows that Caradon has higher proportions of women employees, part-time employees and self-employed. Each of these is likely to hold down income levels. Women employees still do not earn the same as men, part-time employees clearly do not earn as much as full-time employees and the self-employed as a whole (where construction workers and small businesses predominate) do not earn as much as, say, full-time male workers in manufacturing.
7. The other important factor is the proportion of the population not gainfully employed. The affect of this on the conventional per capita figure can be gauged by calculating the ratio on the basis of the labour force rather than the total population. In Caradon's case, this shows a significant widening of the gap.

**TABLE 6 Key Employment Comparisons
CARADON**

	Caradon 2002	National 2002
Per capita income (£)	9,037	15,635
% Gap with National	57.8	0.0
Women as % of total employees	53.5	48.4
Part-time as % of total employees	40.4	25.4
Services as % of total employees	80.2	84.0
Self-employees as % of total labour force	27.2	11.3
Labour force as % of total population	36.7	46.6
Labour force per capita income (£)	24,606	33,464
% Gap with National	73.5	0.0

8. The following table (Table 7) gives the figures for the gross value added at basic prices as measured by incomes. The slower growth in mixed incomes between 1992 and 1997 reflects the drop in farming income.

**TABLE 7 Gross Value Added Measured by Income
CARADON**

	1992 £m	1997 £m	2002 £m	1992/ 1997 % pa	1997/ 2002 % pa	1992/ 2002 % pa
Compensation of Employees	161.5	269.9	360.1	10.8	5.9	8.3
Mixed Income	121.5	120.8	173.4	-0.1	7.5	3.6
Operating Surplus and Rents	78.8	157.1	186.8	14.8	3.5	9.0
Gross Value Added at basic prices	361.9	547.8	720.3	8.6	5.6	7.1

9. The following table (Table 8) gives details of the gross domestic product as measured by expenditure. All components of expenditure have contributed to overall growth.

**TABLE 8 Gross Value Added Measured by Expenditure
CARADON**

	1992 £m	1997 £m	2002 £m	1992/ 1997 % pa	1997/ 2002 % pa	1992/ 2002 % pa
Consumers' Expenditure	422.8	602.5	779.6	7.3	5.3	6.3
Public Expenditure	90.1	150.3	175.6	10.8	3.2	6.9
Investment	56.4	84.4	112.6	8.4	5.9	7.2
Exports of Goods/Services	280.5	469.9	548.0	10.9	3.1	6.9
Total Final Expenditure	849.9	1,307.0	1,615.7	9.0	4.3	6.6
Less Imports Goods/Services	411.6	650.5	706.6	9.6	1.7	5.6
GDP (market prices)	438.3	656.5	909.1	8.4	6.7	7.6
Factor Cost Adjustment	71.7	102.6	132.9	7.4	5.3	6.4
Gross Value Added at basic prices	366.6	553.9	776.2	8.6	7.0	7.8

10. The following table (Table 9) gives more detail of the manufacturing sector. It shows that the main activities are food, drink and tobacco, paper and publishing and rubber and plastics manufacturing, which together account for some 70 per cent of the total. The growth points are food, drink and tobacco and rubber and plastics manufacturing. There is a significant decline in mechanical engineering.

TABLE 9 Net Output of the Manufacturing Sector (%)
CARADON

	1992	1997	2002	1992/2002 % pa
Food, Drink and Tobacco	10.6	59.0	40.2	28.0
Clothing	6.1	1.0	1.7	-1.5
Leather & Footwear	0.4	0.1	0.3	10.9
Timber & Furniture	12.4	4.3	7.0	5.7
Paper & Publishing	23.2	6.4	12.6	5.3
Chemicals	6.3	0.5	1.0	-7.0
Rubber & Plastic	6.1	7.4	14.7	22.2
Non-metal Manufacturing	3.5	1.4	2.6	9.6
Metal Manufacture	0.6	0.1	0.4	8.1
Other Metal Manufacturing	5.6	5.4	6.7	14.0
Mechanical Engineering	16.4	6.5	2.7	-6.4
Electrical Engineering	1.3	2.0	3.5	23.2
Instrument Engineering	1.9	1.6	1.9	11.9
Transport Manufacturing	4.9	2.7	1.1	-3.3
Other Manufacturing	1.1	1.4	3.7	26.3
Total Manufacturing	100.0	100.0	100.0	12.0

11. The following table (Table 10) gives more detail for the food and drink manufacturing sector. Within the overall very fast rate of growth of 28.0 per cent per annum between 1992 and 2002 there have been some significant compositional changes, such as the increase in bread and biscuit manufacturing offsetting a fall in meat processing.

TABLE 10 Net Output of the Food and Drink Manufacturing Sector (%)
CARADON

	1992	1997	2002	1992/2002 % pa
Meat and Meat Products	47.5	1.0	3.1	-2.7
Fish	0.0	0.0	0.0	n/a
Fruit and Vegetables	0.3	0.1	0.5	37.6
Oils and Fats	0.0	0.0	0.0	n/a
Dairy Products	4.3	0.1	0.3	-3.0
Ice Cream	0.3	0.0	0.1	9.4
Grains and Starches	0.0	0.0	0.0	n/a
Animal Foods	1.0	0.1	0.1	n/a
Bread and Biscuits	37.5	96.7	89.7	39.6
Sugar and Cocoa	5.6	0.0	0.0	n/a
Other Foods	0.0	2.0	6.0	n/a
Alcohol	3.6	0.0	0.2	-2.1
Soft Drinks	0.0	0.0	0.0	n/a
Tobacco	0.0	0.0	0.0	n/a
Total	100.0	100.0	100.0	28.0

12. The following table (Table 11) gives more detail for the financial and business services sector. It shows the dominant role of real estate activities. Computer services grew dramatically between 1992 and 2002 at a rate of 21.5 per cent per annum, although the increase has been from a very small base.

TABLE 11 Net Output of the Financial and Business Services Sector (%)
CARADON

	1992	1997	2002	1992/2002 % pa
Banking/Finance	5.7	4.2	3.5	3.1
Insurance	2.1	0.8	0.6	-4.7
Insurance Brokers	2.5	2.0	1.3	1.5
Real Estate Activities	68.6	69.3	66.8	7.8
Rent Moveables	1.6	2.6	2.8	14.3
Computer Services	0.7	2.4	2.3	21.5
Research & Development	0.0	0.3	0.0	n/a
Legal Services	3.0	2.5	2.4	6.1
Accountants	3.5	3.8	4.0	9.5
Market Research	0.1	0.2	0.4	22.8
Management Consultants	1.2	2.5	2.4	16.4
Architects	5.1	4.0	5.0	7.8
Advertising	0.3	0.4	0.5	12.8
Other Business Services	5.5	5.0	7.9	12.2
Total	100.0	100.0	100.0	8.1

13. The following table (Table 12) gives more detail of the hotels and catering sector. It shows relative growth in eating out.

TABLE 12 Net Output of the Hotels and Catering Sector (%)
CARADON

	1992	1997	2002	1992/2002 % pa
Hotels with Restaurants	20.3	18.9	16.5	5.2
Hotels without Restaurants	18.1	17.8	16.1	5.9
Camping Sites	3.7	3.0	1.5	1.6
Other Lodgings	16.5	19.0	27.6	12.8
Restaurants, Cafés, etc	19.0	15.7	11.7	2.9
Bars	15.7	18.7	21.1	10.1
Catering Contractors	6.6	6.9	5.4	3.3
Total	100.0	100.0	100.0	7.3

Conclusions

14. The Caradon income per head figure ranks sixth in terms of the districts of Cornwall, and there is a sizeable gap in per capita income of some 42 per cent compared with the national average.
15. The balance of the economy is good. Manufacturing activity although falling back from a peak in share of 17.7 per cent in 1997 to 11.3 per cent in 2002, is still a major activity in the economy. Both distribution and the hotels and catering sector are stronger than nationally. The difficulties experienced by agriculture in the middle of the decade have served to dampen down growth.
16. The disappointment lies in the poor overall growth in the service sector. This part of the Caradon economy is dominated by real estate activities. While computer services have grown at the fast rate of 21.5 per cent per annum between 1992 and 2002, the growth has been from a very low base. The share of the financial and business services sector fell from 2.5 per cent in 1992 to 1.3 per cent in 2002.
17. One feature of the growth in the manufacturing sector has been the relatively fast growth (28.0 per cent per annum) of the food manufacturing sector. The leading player is bread and biscuit manufacturing.
18. In many respects Caradon seems a well balanced economy and has enjoyed a more than satisfactory rate of growth in output between 1992 and 2002 despite being held back by the difficult conditions that faced agriculture. It also relies, perhaps, with some risk, on a narrow base of growth sectors including manufacturing (principally food), distribution and real estate activity. Its tourist sector is, however, significant with the hotels and catering sector more or less maintaining its share of total output between 1992 and 2002. There is, however, some way to go to lift income levels to the national average.

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