

**NESC REPORT NO. 42**

**REPORT ON POLICIES FOR  
AGRICULTURAL DEVELOPMENT**

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## PART I

### THE COUNCIL'S CONCLUSIONS AND RECOMMENDATIONS

#### Introduction<sup>1</sup>

1. In February 1975, the Council published<sup>2</sup> projections of the growth in the population and the labour force up to 1986. In October 1977, the Council published<sup>3</sup> a re-assessment of these projections. Some of the implications of these projections for employment and living standards and for rural areas were examined in a number of Council reports.<sup>4</sup> If employment is to be provided in Ireland for the projected expansion in the labour force, then considerable growth is required in output, productivity and investment in the agricultural, industrial and service sectors.

2. In order to assess the growth prospects at a sectoral level, the Council decided to begin by examining the potential for development in agriculture. A series of four reports on various aspects of agricultural development has been published by the Council.<sup>5</sup> The most recently

<sup>1</sup>This report was drafted following meetings of the Economic and Social Policy Committees and the Council by Alan Mathews and Hugh Quigley in the Council Secretariat.

<sup>2</sup>NESC, Report No. 5, *Population and Employment Projections 1971-1986*.

<sup>3</sup>NESC, Report No. 35, *Population and Employment Projections 1986: A Reassessment*.

<sup>4</sup>NESC Report No. 7, *Jobs and Living Standards: Projections and Implications*. NESC, Report No. 19, *Rural Areas: Social Planning Problems*.

<sup>5</sup>NESC, Report No. 24, *A Comparative Study of Output, Value-Added and Growth in Irish and Dutch Agriculture*. NESC, Report No. 27, *New Farm Operators, 1971 to 1975*. NESC, Report No. 34, *Alternative Growth Rates in Irish Agriculture*. NESC, Report No. 40, *Policies to Accelerate Agricultural Development*.

published report in this series, Report No. 40 on *Policies to Accelerate Agricultural Development*, was prepared by Dr. S. J. Sheehy and Dr. J. O'Connell of the Department of Applied Agricultural Economics, University College, Dublin. A summary of that report is given in Part II of this report.

3. Following the publication of Report No. 19,<sup>6</sup> the Council requested two members of the staff of An Foras Talúntais working under the direction of Mr. P. Commins, and in consultation with Professor Damian Hannan of the Economic and Social Research Institute, to examine policies which would alleviate the social problems of rural areas. The Council has now published Report No. 41, by Mr. P. Commins, Mr. P. G. Cox and Mr. J. Curry, a summary of which is given in Part III of this Report.

4. An earlier Council report<sup>7</sup> examined the implications of alternative rates of growth in Irish agriculture. The report concluded that if a more rapid rate of growth in agriculture could be achieved, there would be clear benefits in terms of a significant contribution to national employment which would be further augmented if the intensity of processing was also raised. There would also be a substantial contribution to reducing the present deficit in the balance of trade. It is the Council's view that the benefits to be derived from a significant increase in the agricultural growth rate are worthwhile and important.

5. However, experience over the years indicates that faster growth in agriculture will not materialise with unchanged policies. There have been substantial increases in agricultural prices over the last six years, but the full effects of these higher prices on agricultural output have not yet been felt. The rate of increase in agricultural prices could, however, be much slower in the future. If the incentive to expand output is to be maintained other measures must augment rising prices. In this context, a number of suggestions have been put forward in the two most recent reports published by the Council which are referred to above. It is

<sup>6</sup>NESC, Report No. 19, *Rural Areas: Social Planning Problems*.

<sup>7</sup>NESC, Report No. 34, *Alternative Growth Rates in Irish Agriculture*.

significant that the two reports, to the extent that they overlap, identify broadly similar problems and put forward broadly similar recommendations to deal with these problems.

6. Having considered the two reports the Council is of the opinion that a significant increase in the overall trend of growth in agricultural output and a marked improvement in rural development will require major changes in existing policies and the introduction of some new policies. The following paragraphs contain the Council's recommendations on what some of these policy changes or new policies might be.

#### **Payment for Performance**

7. A modification of some existing measures so as to reward those who make and implement plans to raise agricultural output could help to maintain the incentives to expand output. The present schemes of aid to farming should, therefore, be orientated towards the achievement of planned expansion. For instance, under the Farm Modernisation Scheme, a portion of the grant at present payable to farmers might be paid as a bonus upon satisfactory progress in a farm development plan.

8. If EEC regulations permitted, or could where necessary be amended, farmers with resources above a certain minimum and receiving payments under the Disadvantaged Areas Scheme<sup>8</sup> might be required to undertake planned development on their farms. In addition, more stringent conditions should be applied in determining eligibility for Smallholders' Unemployment Assistance (farmers' "dole"), for example, by adopting a more realistic multiplier for assessment. The resultant saving in expenditure on the Smallholders' Unemployment Assistance Scheme<sup>8</sup> might possibly be used to increase the level of payments under the Disadvantaged Areas Scheme. These suggestions for changing the emphasis of present aids to farmers might be regarded as a logical extension of the measures used in the Pilot Area and Small Farm (Incentive Bonus) Schemes<sup>8</sup>, although it must be recognised that those schemes were operative at a time when the price and market environment in agriculture was different from what it is now.

<sup>8</sup>Details of these Schemes are given in Chapter 3 of NESC, Report No. 40, *Policies to Accelerate Agricultural Development*.

### **Agricultural Advisory Services**

9. If government assistance to agriculture was made dependent on performance, the volume of advisory work in the form of planning, advice, education and administration would increase substantially. The local adviser would become more a development officer with increased responsibility and authority for developing his own district and he should be able to relate his development activities to the targets set at national and sectoral level. The number of advisers would, therefore, have to be considerably increased to enable them to become involved in a meaningful way with farm development planning, and their professional training would have to lay emphasis on this aspect of their work. The productivity of the advisers could be increased by using non-graduate technicians to assist them.

10. The expansion in advisory services need not be confined to those directly organised by the State. Other bodies such as co-operatives are in a position to make a positive contribution.

### **Structural Reform**

11. The aim of structural reform policies should be to encourage those farmers who are not able, or are not willing, to respond to the development policies referred to above, to transfer management control to those who would undertake development. The following proposals would improve existing policies:—

- (a) Greater land mobility should be actively encouraged through early inheritance and succession. Socio-economic advisers should be employed by the State or by the farming organisations to aid and promote farm land transfers. While the Council is aware of the significant changes already provided for in the Finance Act 1978 and the Capital Gains Tax (Amendment) Bill, the possibility of further modifications in the existing system of capital taxation, to give progressively stronger encouragement to farmers to retire as they get older, should be examined. Farm leasing arrangements should also be encouraged.
- (b) The operations of the Land Commission should be organised along the lines proposed in the Interim Report of the Inter-

Departmental Committee on Land Structure Reform.<sup>9</sup> A register of priority land applicants should be drawn up; land should then be sought to meet their needs. Sales of land for agricultural purposes above a certain farm size should be monitored, and consent should not be given for purchases by candidates whose capacity to farm efficiently has not been established or whose land holdings exceed some stated limit. Any such limit should have regard, among other things, to the number of farmers in the applicant's household. It would also be important to ensure that suitable applicants have access to adequate medium term credit facilities.

- (c) The Farm Retirement Scheme should be amended to make it more attractive to potential retirees so that, for example, the benefits available under the scheme might not be less than those available from the Old Age Pension. It might, indeed, be desirable to go further—for example, by offering some incentive over and above the State benefits<sup>10</sup> which a farmer would receive if he were to continue in farming.

### **Taxation**

12. The Council recommends that a major aim of taxation policy for agriculture—as for other sectors of the economy—should be to maximise development. In an earlier report,<sup>11</sup> the Council recommended, with respect to the taxation of farming profits, that “the objective should be to determine the income tax liability of farmers on the basis of actual accounts”, while accepting that the notional income option should be retained for a limited period to give reasonable time to farmers to develop accounts for income tax purposes. The Council also recommended (a) the phased extension of income taxation of farmers by reduction of the valuation threshold and (b) the phased increase in the multiplier adopted for notional assessment to bring it more closely

<sup>9</sup>Pr. 6395, May 1977.

<sup>10</sup>See Table 4.2 of NES, Report No. 40, *Policies to Accelerate Agricultural Development*, for details of these benefits.

<sup>11</sup>NES, Report No. 15, *The Taxation of Farming Profits*.

into line with the national average.<sup>12</sup> Since the publication of that report, the valuation threshold has been reduced and the multiplier increased, but the option of notional assessment has been continued without time limit.

13. The consultants have argued that the system of income taxation of farming needs to be complemented by a resource tax, i.e. a tax whose burden does not vary directly with income. Taxes which fall into this category are rates, capital acquisitions tax, and capital gains tax; wealth tax, abolished in the 1978 Budget, could also be regarded as a resource tax. For most farmers the resource tax of greatest relevance is rates, and in this report the Council confines its remarks to this form of resource tax.

14. The Council accepts the following arguments in favour of a resource tax that:—

"A tax system, especially in the Irish situation of few natural resources, should also serve to promote efficient resource use. Viewed in relation to this objective, the resource tax has the advantage of penalising under-utilised resources and favouring well-utilised resources. This is, therefore, a potentially valuable tool in the pursuit of accelerated development. . . .<sup>13</sup>

The Council also favours the recommendation that farmers participating effectively in a development plan should be exempt from any resource tax. A modification of the concession introduced in the 1978 Budget whereby rates can be offset against income tax should also be made; developing farmers<sup>14</sup> would have no need of this concession since they would not be liable to rates, and non-developing farmers whose income tax liability exceeds their liability for rates

<sup>12</sup>The representatives of the ICMSA, the IFA and the IAOS did not support these recommendations.

<sup>13</sup>Paragraph 6, Chapter 4 of NESC Report No. 40, *Policies to Accelerate Agricultural Development*.

<sup>14</sup>Defined as farmers participating not only in a development plan under EEC Directive 159, but in any development plan agreed with an agricultural adviser.

should not be entitled to a concession which, in effect, exempts them from rates.

15. At present the Agricultural Grant operates to reduce the burden of rates on those farmers entitled to the grant. Subject to the view expressed in the preceding paragraph, it would be in keeping with the concept of rates as a resource tax that, after reasonable advance notice, the Agricultural Grant would be progressively reduced and terminated. This, however, might cause particular hardship for certain small farmers not capable of participating in a development plan, and it may, therefore, be necessary to introduce certain interim compensatory measures to alleviate this hardship. Nonetheless, it would be important that any such interim measures would not impede the essential objective of ensuring that all land is used to its maximum potential.

#### **Incentives for Effective Marketing**

16. Increased farm production would increase the scale of some processing industries, particularly dairy, cattle and pig processing. It is desirable also that the intensity of processing in these industries should be increased. To this end, existing schemes under which aid is available should be exploited to the full to encourage promotion as well as product research and development. If existing schemes, when fully availed of, should prove inadequate, consideration might be given to their extension where necessary.

17. Certain aspects of the Common Agricultural Policy militate against the development of the food processing sector. The Government should make every effort to have changes made in that policy to minimise obstacles to increased processing.

#### **Co-ordinated Planning for Agricultural and Rural Development**

18. Agriculture should be planned through a co-ordinated approach embracing the Government, farming interests and the advisory services. With this in mind, the Council recommends that the Department of Agriculture be restructured, and where necessary strengthened, to give it a greater capacity for policy formulation and planning.

19. In addition, a broadly based advisory body, representative of all the interests involved in agricultural and rural development, should be established.<sup>15</sup> In relation to agricultural development, this body would have an important role to play in identifying targets for expansion to which the plans of individual farmers could be linked and aligned through the advisory service. It would also be an important function of this body to advise on the most appropriate strategy for achieving adopted targets and to assess regularly these targets and strategies in the light of experience.

20. Although accelerating the pace of agricultural growth will contribute to the development of rural areas, this latter objective needs to be viewed in a wider context. The objectives of a rural development policy have not been clearly specified in the past. There has been a tendency to approach the complex problems of rural development with purely sectoral policies. As a result, at times there has been a conflict between immediate welfare and longer term development. There is, therefore, a need for better co-ordination of policies at national level and a refinement of these policies to take account of regional variations. The establishment of the body recommended in the previous paragraph would be a useful step in this direction, since it would provide a forum for regular liaison between, on the one hand, those agencies primarily concerned with agricultural development and, on the other, those bodies responsible for the administration of income supplement and social welfare schemes for rural people.

#### **Income Maintenance**

21. Farmers, like other members of the community, should be assured of some minimum standard of living. In determining the degree of assistance to farmers, account should be taken of the capacity of their farms to produce income if properly used. In several of the schemes directed at assisting farmers the separate objectives of income maintenance and agricultural development have sometimes become somewhat blurred to the detriment of both. The establishment of the body referred to in paragraph 20 would help to ensure that no

<sup>15</sup>The IFA expressed a reservation in relation to this proposal and stated that the NESc was the most appropriate body to advise on targets for growth in the agricultural sector and the broad policies required to achieve them.

one was assured a sufficiency which enabled him to leave a valuable national asset which he owned unused or under utilised.

22. Steps should also be taken to improve the position of the particularly disadvantaged sector within the non-farm rural population identified in the report on rural development.<sup>16</sup> To remove anomalies in the present methods of determining eligibility for social welfare benefits, health services and aids under various agricultural schemes, a uniform method of arriving at notional income for farmers should be used. The Council also notes the fact that the Government has published a Green Paper<sup>17</sup> which raises the issue of extending the social insurance code to all self-employed.

#### **Delivery of Social Services in Rural Areas**

23. In identifying the problems associated with providing social services in rural areas, it is important to recognise the different needs of those rural areas within relatively easy reach of urban centres compared with those of remote outlying areas. In the former, pressure to provide adequate housing and education facilities may be greater. It is important, therefore, that planning of these facilities be closely co-ordinated with the rural industrialisation programme.

24. In the more remote areas, the problem of distance, the prevalence of older people living in isolated areas and poor communications make the provision of adequate social services particularly difficult. While the Council is aware that the disadvantages of remoteness cannot be completely removed, nonetheless, the provision of better telephone and transport facilities, and of personal social services geared to the needs of people living in remote areas, should be an urgent priority.

#### **Regional Development**

25. Although increasing the pace of agricultural development would make a significant contribution to rural development generally, this in

<sup>16</sup>NESC, Report No. 4, *Rural Areas: Change and Development*.

<sup>17</sup>Social Insurance Scheme for the Self-Employed, Prt. 6772, 1977.

itself will not be enough. The Council has in two earlier reports<sup>18</sup> pointed to the need for improvements in the institutional arrangements for tackling problems of regional development and has suggested ways in which the employment problems of less developed regions might be eased.<sup>19</sup> The Council again draws attention to the recommendations contained in these two reports.

#### **Conclusion**

26. The Council believes that existing policies will not achieve the rate of agricultural and rural development which is desirable and possible. It is essential to aim for the highest possible growth in agriculture and for a rapid acceleration of rural development. The Council considers that the recommendations made above, if adopted, would contribute effectively towards the achievement of those aims.<sup>20</sup>

<sup>18</sup>NESC. Report No. 22. *Institutional Arrangements for Regional Economic Development*. NESC. Report No. 28. *Service-type Employment and Regional Development*.

<sup>19</sup>The representatives of the Departments of Finance and the (then) Department of Industry and Commerce disagreed with some of the recommendations of Report No. 28.

<sup>20</sup>The recommendations contained in Part I of this report are acceptable to the ICMSA on the basis that they form a package and are accepted and operated collectively as such by the Government.

## **PART II**

### **POLICIES TO ACCELERATE AGRICULTURAL DEVELOPMENT**

**BY**

**S. J. SHEEHY AND J. O'CONNELL**

#### **SUMMARY**



## PART II

### POLICIES TO ACCELERATE AGRICULTURAL DEVELOPMENT

#### Background

1.1. In the past agricultural growth has proceeded at a moderate pace which could be accelerated. Experience since EEC Accession has indicated that favourable prices and market outlets have not been sufficient to achieve this acceleration.

1.2. A previous NESC Report<sup>1</sup> has shown that the pay-off from accelerated growth in agriculture could be substantial in terms of increases in employment and real farm incomes as well as improvements in the balance of trade. The market environment is likely to remain favourable but this alone will not ensure increased growth. This present report concludes that accelerated development can be achieved but only if there are major changes in existing policies.

1.3. To ensure that national targets can be achieved certain basic changes are necessary in existing policies. Many of these changes can be made within the present framework of the Common Agricultural Policy but, where this would not be possible, Ireland should negotiate adjustments in that policy to meet her requirements.

#### Recommendations

##### *Co-ordinated Planning*

2.1. Planning for the agricultural sector has not been adequate. A co-ordinated approach is now required. An Agricultural Development Council should be established consisting of officials of the Departments of Agriculture and Economic Planning and Development,

<sup>1</sup>NESC, Report No. 34, *Alternative Growth Rates in Irish Agriculture*.

representatives of the proposed National Agricultural Training and Development Authority, An Foras Talúntais and the farming organisations. The Council would identify national targets for expansion and in so doing would invite maximum local involvement through the advisory services. The local adviser would become, in effect, a development officer linked directly with the overall national development effort.

2.2. Co-operatives would be expected to play a special part in providing or arranging the provision of a range of services required for development.

#### *Payment for Performance*

3.1. The Farm Modernisation Scheme should be modified so that a portion of the aids now paid as outright grants would be paid in the form of deferred payments, subject to achievement of development targets.

3.2. All farmers seeking the highest level of grants should be required to participate in a development plan and so become developing farmers. The present classification of farmers into "commercial", "development" and "other" categories would thus be replaced by the two categories of "developing" and "non-developing" farmers.

3.3. Payments made under the Disadvantaged Areas Scheme and in the form of "farmers' dole" under the Smallholders Unemployment Assistance Scheme have little development impact. Money should be reallocated from the "dole" to the Disadvantaged Areas Scheme to increase the headage payments under that Scheme. Farmers in receipt of substantial payments under the Disadvantaged Areas Scheme should be required to participate in a development programme. In addition, headage payments under the Scheme should be phased over time to counter cyclical price fluctuations.

#### *The Agricultural Advisory Service*

4.1. The report's proposals have important implications for the Agricultural Advisory Service. The adviser would have a more vital role to play in farmer development, coupled with the fact that many more

farmers would be enticed to adopt and follow a development plan. This would require a significant expansion in the Advisory Service and the employment of additional specialists. Additional back-up staff to relieve advisers of routine administrative work should also be employed.

#### *Structural Reform*

5.1. For those farmers who are not able or willing to opt for development within the new system, structural policies should be used to encourage them to transfer management control to those who will undertake development.

5.2. The basic weakness of the present Farm Retirement Scheme is that State benefits in the form of Disadvantaged Area payments, the old age pension and "farmers' dole" compete with, and are often more attractive than the State benefits offered for retirement. The retirement incentives should, instead, significantly exceed the level of competing State benefits and they should vary depending on the merits of available candidates for released land.

5.3. Socio-economic specialists should be recruited to the Advisory Service. One of their main functions would be to promote more rational family transfers. Measures to encourage long-term leasing should also be introduced.

5.4. The tax system should be used in such a way that it would act as a progressive disincentive for farmers the longer they stay in farming over 65 years of age. At the same time, income from the sale or leasing of land to developing farmers should be given favourable tax treatment.

5.6. The authors support the recommendation of the Inter-Departmental Report on Land Structure Reform<sup>2</sup> that priority candidates for land should be selected on the basis of their performance and need and that available land should be guided in their direction.

<sup>2</sup>Interim Report of the Inter-Departmental Committee on Land Structure Reform, Prl. 6395, May 1977.

### *Taxation*

6.1. The authors recommend that the optimum taxation system for development would be one which combined income tax under the present notional system with a resource tax in the form of a flat rate of tax on all land. As an interim arrangement the rates could serve as a resource tax. All developing farmers should receive the Agricultural Grant as a rates rebate during their period of development. All other landholders should be required to pay some or all of the rates chargeable on the land by appropriately modifying the Agricultural Grant. This combination would provide the maximum incentive for farmers to develop since the marginal rate of tax on additional income would be zero, and non-developing farmers would be encouraged, through the resource tax, to develop or retire.

### *Processing of Agricultural Products*

7.1. The increased volume of farm output, which could be achieved if the recommended policy changes were adopted, would in itself result in increased employment in processing industries.

7.2. Employment could be further increased by encouraging increased processing intensity through a Marketing Incentive Scheme. The report envisages that, under this scheme, State aid would be given for research and development, for promotions and possibly for the acquisition of distribution facilities in the export marketing of processed agricultural products. The payment of aid would be conditional on the product carrying an Irish brand and meeting other specified targets.

7.3. Efforts should be made to have the Common Agricultural Policy modified so as to minimise existing obstacles to increased processing.

### *Financing*

8. The proposals in the report, if accepted, would not, according to the authors, result in major increases in State expenditure. The recommendations in relation to the Farm Modernisation, Disadvantaged Areas and Smallholders Unemployment Assistance Schemes merely require a redirection of existing expenditure. Additional expenditure would arise from the proposed changes in the Voluntary Retirement Scheme, the Marketing Incentive Scheme and

the expansion of the Advisory Service, but this increase would be modest compared with the pay-off in terms of increased production and employment.

### **Conclusion**

9. The authors conclude that, if the recommendations of their report are accepted and implemented, an average annual agricultural growth rate of 5 to 6 per cent can be approached. In the absence of such a change in policy all that can be expected is a continuation of past trends. The difference between continuing with existing policies and changing those policies would be in the order of an additional 25,000 jobs created in the agricultural and processing sectors together with a further 25,000 induced indirectly.

**PART III**

**RURAL AREAS—CHANGE AND DEVELOPMENT**

**BY**

**P. COMMINS, P. C. COX AND J. CURRY**

**SUMMARY**

## PART III

### RURAL AREAS—CHANGE AND DEVELOPMENT

#### The Problems

1. While the report by Dr. Sheehy and Dr. O'Connell concentrates on one particular theme—how to accelerate the growth of Irish Agriculture—this report concerns itself with wider though related issues. It identifies three main problems in relation to rural development which have arisen from the long-term process of economic change.

2. The first problem is associated with the steady decline in the rural population and the resultant imbalances in population structure. This decline induces a feeling of failure and dependence which is self-perpetuating.

3. The second major problem highlighted by the study is the different impact the process of economic modernisation has between geographical areas, and between social categories. The West and North-West regions have been worst hit by population and social decline. Within all regions, the remoter rural areas are most affected by population decline and consequent poor demographic structure. By contrast, rural areas around urban centres are expanding at a rate which is causing pressures on housing, education, health and other social facilities. Referring to the different social categories, the consultants suggest that the tendency to concentrate on broad comparisons of urban and rural standards of living has obscured important differences within the rural population itself. Certain sectors of the rural non-farm population are shown to be in a more disadvantaged position than even the poorest sections within the farming community. Within farming itself there are also wide variations in living standards.

4. The third problem identified is the slow rate of agricultural growth and the underlying structural problems which cause it. Two sectors are emerging in Irish farming through the process of agricultural modernisation, one expanding and prospering and the other stagnating or declining. The first sector consists mainly of large farms in the East and the South in areas of good demographic structure and having a high rate of growth in output. This high growth is, however, offset by the low and sometimes negative growth rates found in the other sector of farming typified by small farms with poor population structure, found mainly in the West and North-West.

#### The Deficiencies in Existing Policies

5. The report suggests that the principal objectives of a policy for rural development aimed at tackling these problems should be:—

Agricultural development.

Land mobility and use.

Maintenance of rural population and employment levels.

Regional and local development.

Income maintenance and reduction of income inequalities.

Provision of adequate social services.

6. Viewed in the context of these objectives, the authors conclude that existing policies are deficient in many respects:—

(i) Policies aimed at increasing the pace of agricultural development fail to recognise the underlying structural problems which prevent many small, but potentially viable, farmers from responding to production aids and price incentives.

(ii) Land reform programmes have been too narrowly defined and have not come to terms with the tradition of transfer by farm inheritance.

(iii) Although rural industrialisation has been partially successful in stemming the outflow from rural areas, there are still wide regional disparities in employment opportunities. The position is now exacerbated by the current high national unemployment levels which affect urban as well as rural areas.

(iv) There appears to be no consistent national policy for regional development. Instead, various regional, local and community organisations have developed in a haphazard and uncoordinated way.

(v) Measures aimed at maintaining income levels in the farming sector often cut across other policies designed to achieve structural reform and increase agricultural output. Because many of the measures are agriculture-related, certain sectors of the rural *non-farm* population, although they display the greatest need, are neglected.

(vi) Characteristics peculiar to rural areas have made the provision of adequate social services such as housing, health, education and transport especially difficult. The different needs of remote rural areas, compared with those nearer urban centres, have not been fully appreciated.

(vii) In general, the objectives of different sectoral policies have not been sufficiently identified and, because there has been little or no co-ordination in the formulation and execution of sectoral policies, there are many instances where they are inconsistent and sometimes contradictory.

#### Recommendations

7. Many of the report's recommendations on increasing the pace of agricultural development and improving land structure and use echo those put forward by Dr. Sheehy and Dr. O'Connell in their report. The main recommendations are summarised in the following paragraphs.

#### *Agricultural Adjustment*

8. (i) The "Development" category needs to be widened under the Farm Modernisation Scheme to embrace all farmers who are potentially viable. Money at present spent on the Disadvantaged Areas Scheme should be redirected for this purpose.

(ii) The Advisory Service should be expanded, and advisers relieved of routine administrative duties to allow them devote

more time to advisory work. There should be a re-orientation in the approach of the Advisory Service with a greater concentration on socio-economic advice.

(iii) Ireland might support more moderate agricultural price increases at European Community level in return for greater Community financial support for its Regional and Social Policies.

(iv) The various agricultural services should be better co-ordinated to remove any inconsistencies or duplication in existing advisory, education and development programmes.

(v) Neglect and under-utilisation of land should be discouraged through the imposition of a tax, based on the rateable valuation of land. Income tax should be paid by farmers on the basis of actual incomes.

#### *Land Mobility and Structural Reform*

9. (i) The existing Farm Retirement Scheme needs to be modified: the premia and annuities need to be increased to make them more attractive, when compared with alternative State benefits for retirees, and they should then keep pace with the cost of living. Fringe benefits, under the Old Age Pension Scheme, should be available to retirees under this Farm Retirement Scheme. The requirement that land must be transferred to a "development" farmer, as at present defined under the Farm Modernisation Scheme, is too restrictive and could be relaxed by widening the definition of development farmer.

(ii) The recommendation of the Interim Report of the Inter-Departmental Committee on Land Structure Reform, that a Land Agency should identify priority applicants for land purchase, is endorsed.

(iii) The State, financial institutions and co-operatives should become involved in acquiring land for long-term leasing. As an alternative to fixing a limit on the amount of land which may be held by one owner, private landowners should be encouraged to lease, on a long-term basis, land which exceeds a certain acreage.

(iv) Efforts should be made to facilitate transfer through inheritance, since it accounts for the major share of land transfer in this country. The Advisory Service should be geared to encourage farmers in this direction.

10. The following recommendations on income maintenance, on the provision of social services and on regional and local development are presented in the wider context of problems of rural development generally.

#### *Income Maintenance*

11. Income maintenance policies should be clearly distinguished from policies aimed at increasing agricultural production and efficiency. Smallholders' Assistance should be applied more selectively through the adoption of regional notional incomes, which should also be used for determining eligibility for other social services. A State social insurance scheme should embrace farmers. However, consideration should be given to making the transfer of land a precondition for receipt of contributory old age pension.

#### *Social Services*

##### 12. (i) *Health*

The staffing levels in the Community Care Service in rural areas need to be increased. Because of the centralisation of hospital services, a more efficient ambulance and telephone service is required for outlying areas.

##### (ii) *Education*

Facilities in primary schools in rural areas need to be improved while second and third level education should to be tailored more to the needs of the economy. Higher education grants should be raised for those in remote areas who must leave home to attend third level institutions. More financial support should be given for adult education and a clearly delineated national policy in this area adopted.

##### (iii) *Housing*

Rural housing and industrialisation plans should be more closely integrated. Co-operative housing groups and rural group water schemes should be encouraged.

*(iv) Transport*

There should be more flexibility in rural transport services. For example, school buses might be used to take the elderly on shopping trips at week-ends.

*(v) Co-ordination*

There is need for greater co-ordination of the administration of social services. The physical amalgamation of inter-related services in one building at local level is desirable.

*(vi) EEC Funds*

The specific needs of rural areas should be given more recognition in the EEC Social Policy.

*Regional, Local and Community Development*

13. To take account of regional disparities, and to allow for the necessary policy refinements, there should be a planned programme of regional development based on multi-county units. For each region there should be a Regional Authority with a degree of executive authority and autonomy. Within each region there would be a hierarchical structure reaching down from the regional centre to county centres and from there local centres which would in turn be the focal point for community groups. The existing organisation and functions of the Regional Development Organisations, the County Development Teams and the Local Authorities would need to be examined in the context of the foregoing proposals. Special encouragement should be given to voluntary community development efforts by providing for financial and other assistance from statutory local and regional bodies.

*General Policy Formulation*

14. It is necessary that policy makers be aware of the nature and scope of rural development objectives, and to avoid equating them with narrower objectives, such as agricultural development or rural industrialisation. More intensive area based studies, to examine the possibilities for closer co-ordination of the services provided in rural areas should be carried out, to provide a background for formulating more broadly based policies. Co-ordination of sectoral policies at national and regional level is necessary to remove various inconsistencies and contradictions.