

**DEVELOPING
THE RURAL ECONOMY**

PROBLEMS, PROGRAMMES AND PROSPECTS



PATRICK COMMINS

Rural Economy Research Centre

Teagasc

MICHAEL J. KEANE

Department of Economics

University College, Galway

ACKNOWLEDGEMENTS

The authors acknowledge with gratitude the co-operation and support of the following persons in preparing this report:

- Dermot McCarthy, Rory O'Donnell and the NESC Secretariat, for helpful advice, comments and final proof-reading;
- Lena Gibbons, Teagasc, for secretarial assistance;
- Tony McGarry, Teagasc, for statistical compilations;
- Herbert Doyle, Teagasc; and
- Siobhán Comer, Department of Geography, University College Galway, Galway for the construction of maps and diagrams.

Responsibility for errors or omissions remains with the Authors.

PART I: PERSPECTIVES AND TRENDS

CHAPTER 1: INTRODUCTION

1. Context..... 3
2. Aims and Procedures 4
3. Structure of the Report 5

CHAPTER 2: RURAL DEVELOPMENT IN ADVANCED ECONOMIES SOME GENERAL ISSUES OF RELEVANCE TO IRELAND

1. Introduction..... 7
2. What is Rural Development?..... 8
3. Why Rural Development? 9
4. Are Rural Problems Rural in Origin?..... 11
5. Do current trends and policies meet Rural Development goals? 15
6. Conclusion 19

CHAPTER 3: MAIN DEMOGRAPHIC TRENDS

1. Introduction..... 21
2. Trends in Population Size..... 23
3. Demographic Components of Population Changes 32
4. Conclusion 35

CHAPTER 4: STRUCTURAL CHANGE IN THE AGRICULTURAL SECTOR

1. Introduction..... 39
2. Main Elements of Agricultural Restructuring 40
3. Conclusion 58

CHAPTER 5: STRUCTURAL CHANGE IN THE NON-FARM ECONOMY OF RURAL REGIONS

1. Introduction..... 59
2. Restructuring in the Space Economy 59
3. Trends in Farm and Non-farm Employment 62
4. Unemployment 66
5. Spatial variations in new firm formation in the 1980s..... 66
6. Conclusion 67

CHAPTER 6: RURAL INCOMES AND INCOME STRATEGIES

1. Introduction..... 69
2. Household Incomes 70
3. Strategic Responses by Farm Households 80
4. Farm and Non-farm Comparisons by Employment Status 87
5. Family Farm Incomes 89
6. Conclusions 97

PART II: POLICIES: PAST AND PRESENT

CHAPTER 7: PAST POLICIES AND POLICY PERSPECTIVES ON RURAL DEVELOPMENT

1. Introduction..... 103
2. Pre-EU: 1960-73..... 103
3. 1970s to Mid-1980s: Eclipse of Rural Development..... 111
4. Mid-1980s to Early 1990s 114
5. Conclusion 120

CHAPTER 8: DIVERSIFICATION OF THE FARM BUSINESS

1. Introduction..... 123
2. Farm-based Enterprises 124
3. Specialised Food Products..... 127
4. Agri-Tourism 128
5. Rural Tourism and Rural Development 129
6. Afforestation 131
7. Conclusion 133

CHAPTER 9: MEASURES PROMOTING NON-FARM EMPLOYMENT IN RURAL AREAS

1. Introduction..... 135
2. Policies for Industrial Employment..... 136
3. Policies for Employment in Services 137
4. Policies for Employment in Tourism 138
5. Fisheries 140
6. Conclusions 143

CHAPTER 10: SERVICES AND INFRASTRUCTURES

1. Introduction..... 145
2. Trade and Business 145
3. Postal Services 148
4. Primary Health Care and Personal Social Services..... 150
5. Transport..... 152
6. Information Technology and Telecommunications 154
7. Other Services..... 156
8. Conclusion 157

CHAPTER 11: AREA-BASED STRATEGIES

1. Introduction..... 159
2. Context and Terminology..... 159
3. Pilot Area Programme For Integrated Rural Development (ird) 1988-90..... 163
4. Area-based Response To Long-term Unemployment (abrs) 164
5. Community Development Programme (cdp) 167
6. Leader (liaison Entre Actions De Développement De L'economie Rurale)..... 168
7. Forum - A 'model Action' Project In The Eu Poverty Programme 172
8. County Enterprise Boards (cebs)..... 175
9. Global Grant For Local Development..... 176
10. Other Area-based Initiatives And Forms Of Partnership 177
11. Conclusion 178

PART III: THE FUTURE: PROSPECTS, POLICY ISSUES AND PROPOSALS

CHAPTER 12: PROSPECTIVE TRENDS AND POLICY DIRECTIONS FOR THE FUTURE

1. Introduction.....	183
2. Macroeconomic Context	184
3. Conceptual Issues - Economic Restructuring and Spatial Change	187
4. Rural Development and Exclusion.....	189
5. Multidimensional Development and the Integrated Approach.....	199
6. Conclusion	201

CHAPTER 13: AREA-BASED INTEGRATED DEVELOPMENT STRATEGY AND INSTITUTIONAL ARRANGEMENTS

1. Introduction.....	207
2. A Strategy for Area-based Integrated Development (AID).....	213
3. Conclusion	227

CHAPTER 14: CONCLUSIONS AND POLICY PROPOSALS

1. Wider Context of Rural Development.....	229
2. The Rural Problem in Ireland.....	231
3. Policy Issues and Proposals.....	239
Appendix.....	253

LIST OF TABLES

3.1 Percentages of Total Population by Type of Centre or Area - Planning Regions, 1991.....	22
3.2 Numerical Changes in 'Aggregate Rural' Population, 1966 to 1991	23
3.3 Per Cent Changes in 'Aggregate Rural' Population by Planning Region, 1971 to 1991.....	24
3.4 Total Numbers of Rural Districts (RDs) and Numbers with Declining Population, by Planning Region, 1971 to 1991.....	25
3.5 Per Cent Changes in Rural District Populations by Planning Region, 1971 to 1991.....	26
3.6 Numerical Changes in Population, Rural Districts and Urban Districts, and Percentage Change in Total Population by Planning Region, 1986-91	28
3.7 Population Change by Category of Area, 1981-86 and 1986-91.....	29
3.8 Per Cent Population Changes 1966 to 1991 and Population Distribution by Type of Area/Centre, 1991.....	30
3.9 Per Cent of Towns in Different Size Categories having Population Decline	31
3.10 Annual Average Rates of Natural Increase and Net Migration	33
3.11 Per Cent Change in the 10-14 Year Age Cohorts by Age 20-24 Years, Rural Districts in Planning Regions.....	34
4.1 Percentage of Holdings in Economic Size Units (ESUs), Ireland ...	43
4.2 Changes in Numbers of Holdings with Specific Enterprises and in Average Size of Enterprise per Holding.....	44
4.3 Percentage of Livestock and Cereals Produced on Farms Above Selected Size Levels	44
4.4 Per Cent Change in Livestock Categories by Planning Region, 1960 to 1991	45

4.5	Dairy Cows as a Percentage of all Dairy Cows in State and as a Percentage of all Cattle, in Respective Planning Regions, 1960 to 1991	46
4.6	Per Cent Distribution of the State's Farms, Farm Types and Farm Mechanisation by Categories of County, 1991.....	48
4.7	Index Changes in Family Farm Income per Farm, 1955-83 (Full-time farms except for 1955-58 and 1966-67).....	50
4.8	Per Cent Contribution of Different Categories of Worker to Annual Work Units on Farms, 1991	51
4.9	Per Cent Distribution of Landholders by Work-Time on the Holding	52
4.10	Per Cent Distribution of Two Samples of Farm Households by Sources of Household Income, 1991.....	54
4.11	Viability Status of Irish Family Farms, 1992.....	55
5.1	Per Cent Change in Numbers at Work by Region, 1981-86 and 1987-92	63
5.2	Changes in the Numbers at Work by Region and by Sector, 1987-92	64
5.3	Changes in Numbers at Work 1981-86, for Rural Districts in Planning Regions	65
5.4	Balance of Gains and Losses of Jobs in IDA Supported Enterprises, 1977-1993	67
6.1	Changes in Real Gross Household Income by Type of Household	71
6.2	Changes in Real Gross Household Income by Planning Region 1973-87, and Regional Ratios to State Average, 1973 and 1987	72
6.3	Income Components for Farm Households and for All Rural Households as Percentage of Corresponding Urban Figures, 1987.....	73
6.4	Changing Composition of Real Incomes in Farm Households, 1980 to 1987	74

6.5	Changing Components (%) of Gross Household Income in Farm Households, by Planning Region, 1973-1987.....	77
6.6	Per Cent Distribution of Farm Households on Farms of Different Size by Gross Household Income Quartiles, 1987.....	78
6.7	Size of Farm Household and Dependence on State Transfers in Farm Households, by Gross Household Income Quartiles and Acreage Farmed, 1987.....	79
6.8	Per Cent of Population in Five Designated Household Groups, 1991.....	81
6.9	Gross Household Income and Disposable Income, 1987	88
6.10	Percentage of all Households under 50 Per Cent Relative Property Line in 1973, 1980 and 1987 by Labour Force Status of Head of Household	88
6.11	Family Farm Income IR£ by Farm Size.....	91
6.12	Average Family Farm Income by System of Farming.....	94
6.13	Family Farm Income on Full-Time and Part-Time Farms, 1992.....	95
6.14	Direct Subsidies Paid to Farmers by Farming Systems, 1992	96
12.1	Percentage Population Change by Type of Area, County Galway 1966 to 1991	203
12.2	Percentage Population Change by Type of Area, County Mayo 1966 to 1991	203
12.3	Percentage Distribution of Manufacturing Enterprises by Area, County Galway 1978 and 1991	203
12.4	Percentage Distribution of Manufacturing Enterprises by Area, County Mayo 1978 and 1991	204
12.5	Distribution of Service Employment by Area, 1979 and 1988.....	204
12.6	Per Cent of DEDs in County Galway showing Growth or Decline in Population, 1986-91.....	205
12.7	Measures of Economic Diversity of Type of Area	205

LIST OF FIGURES

2.1	Socio-Economic Space, Geographic Places and Policy.....	13
2.2	Dimension of Policy Analysis	17
3.1	Rural District Population Change, 1981-86	36
3.2	Rural District Population Change, 1986-91	37
4.1	Number of Tractors per 1,000 Holdings	41
4.2	Per Cent Change on No. of Holdings (5acs.), 1960-80.....	57
6.1	Real Family Farm Income Per Capita, 1970-90.....	71
6.2	Absolute Income Sources of Rural Farm Households, 1987 Classified by Gross Household Income Deciles	76
6.3	Farm Income Trends.....	90
6.4	Family Farm Income by Region, 1984-90	90
6.5	Family Farm Income by Size of Farm, 1984-90.....	91
6.6	Family Farm Income by Full-Time and Part-Time.....	92
6.7	Other Activity of Farmer	92
6.8	Other Activity of Farmer	93
10.1	The Relationship between Town Size and Functional Status, 1971 and 1988.....	147
11.1	Key Words for Local Development in the 1990s.....	161
11.2	Map of LEADER Areas	169
12.1	Population Increase in the Mid-West, 1981-91	191
12.2	Population Increase in Co. Wexford, 1981-91	192
12.3	Population Increase in Co. Westmeath, 1981-91	193
12.4	Population Increase in Co. Mayo, 1981-91	194
12.5	Urban, Semi-Urban and Rural Areas in Co. Galway	202
12.6	Urban, Semi-Urban and Rural Areas in Co. Mayo.....	202
13.1	Main Stages in Local Development Strategies	224

PART I:

Perspectives and Trends

INTRODUCTION

1. CONTEXT

A number of considerations have led to the emergence of 'rural development' as a major theme in Irish public policy in recent years. Perhaps the most influential impetus has come from the European Union (EU) through its concern that economic opportunities in conventional agriculture will be restricted in the context of production controls and other measures designed to reform the EU's Common Agricultural Policy. Since the mid-1980s EU and national policies have placed increased emphasis on the development of alternative rural resources, as well as on improving the competitiveness of the mainstream farming activities.

Second, there has been a recognition that the Single European Market would aggravate the problems of under-development in peripheral regions, and so a commitment to address the issue of regional economic and social divergence was incorporated in the Single European Act. The reform and scaling up of the EU's Structural Funds represented the Union's effort to foster regional economic and social cohesion in the interests of the harmonious development of the Union as a whole. In the programmes to draw down these funds, and in independent EU and national initiatives, rural development was given explicit attention.

Third, there was a general understanding that in the macroeconomic conditions of the late 1980s competition for mobile international investment was becoming acute, with the consequence that investors were being more selective and the dispersal of industrial activity into rural areas was becoming more difficult. This trend impelled an urgency to re-examine the potential of indigenous resources for the generation of employment and income, and to maximise the local possibilities for instigating development in rural areas.

Fourth, a new awareness about the environment and its importance as a public good brought a realisation of the need for policy intervention in managing and protecting natural resources.

Fifth, in particular reference to Ireland, out-migration from rural areas during the 1980s and consequential population loss - in contrast to the rural

population expansion of the 1970s - made it imperative for policy makers to give special attention to emerging economic and social problems in the countryside.

2. AIMS AND PROCEDURES

This report was prepared against the background of these considerations. Its aims are: (i) to identify the main trajectories of economic and social change in Ireland's rural areas; (ii) to analyse the problems arising in the context of the changes occurring; (iii) to review the policies and programmes which are in operation; and (iv) in the light of the analysis, to bring forward proposals that would improve on current approaches to addressing problems of rural under-development.

In undertaking these tasks, we were not in a position to conduct new and detailed studies. The empirical part of the report is based on an assembly, synthesis and interpretation of available statistical information and other research. Because of this reliance on secondary sources the coverage of topics and issues is not as complete as we would have wished. The depth of analysis at any point is dependent on the richness of the data available. For example, there is a strong contrast between the comprehensive information that exists for farm incomes and the very limited amount of evaluative studies which have been undertaken on the impact of various policy measures.

Our approach to the task of preparing the report was guided by a number of basic propositions. Rural problems are not so much due to the intrinsic features of rural areas themselves but to the way in which a complex set of global macroeconomic and technological forces impact with differential effect on different types of rural area. Because of the scale and pervasiveness of this economic restructuring the policy agenda will more likely be responsive to rural problems if set within the context of overall national, regional and sub-regional spatial strategies - and not within a distinctly 'rural', as distinct from an urban, framework.

Related to this, rural development should be seen as requiring not just a series of sectoral interventions (e.g., in agriculture, industry, tourism, etc.) but also a strong focus on area-based planning. Given Ireland's low population density and the likelihood of further decline in population in many areas, rural development, we believe, should be implemented on the basis of 'development districts', formed ideally by a town and its rural hinterland. At this level, rural communities vulnerable to decline would be linked together in a wider spatial network within which it would also be possible to achieve

a greater co-ordination than hitherto among the variety of agencies, policy measures, services and funding now available.

The report also assumes that rural development - or, as we would prefer, area-based development - should not be delimited to a search for economic activities that might offset the curtailment of production in agriculture. A broad concept of development is therefore proposed. Essentially, this means a multi-dimensional but integrated approach to problems at a local level. In turn this requires new institutional arrangements or, more correctly, a rationalisation of the complexity of existing organisational structures.

3. STRUCTURE OF THE REPORT

Chapter 2 in Part I sets out a broad conceptual framework for understanding economic and social change, as well as development, in rural areas. This is followed by four Chapters mainly analysing the key trends and problems of socio-economic change in Ireland.

Part II examines past and current policies, development strategies and measures.

Part III is concerned with issues of the future. Following an analysis of contemporary spatial patterning in selected counties, it argues for an area-based approach to integrated 'rural' development and sets out options in regard to the necessary institutional arrangements to implement such an approach.

The final Chapter brings together the main conclusions, the policy issues to be addressed and the proposals we offer for improving on current policy measures.

RURAL DEVELOPMENT IN ADVANCED ECONOMIES

SOME GENERAL ISSUES OF RELEVANCE TO IRELAND

1. INTRODUCTION

Fundamental changes in the structure of the Irish rural economy have created what some authors (e.g. Varley *et al*, 1991) refer to as a 'rural crisis'. This has been further described as being, basically, a crisis of morale generated by two failures: the historical inability to counter the tendencies that produce economic marginalisation among many of those working in agriculture; and the failure to provide sufficient non-farm employment for the surplus labour displaced from farming (Varley *et al*, 1991:15).

The historical trends of contracting economic opportunities in agriculture - especially for labour - have been accentuated in recent years with the restrictions on the production of conventional farm commodities within the framework of reform in the EU's Common Agricultural Policy (CAP). Farming populations are being faced with even greater challenges than hitherto to find new ways of exploiting local resources. They are being urged to diversify the local economic base of their communities so as to create sources of employment and income as alternatives to farming.

But production concerns are only one dimension of the rural problem. There is concern about the economic difficulties of providing dispersed rural populations with services and amenities - or the means of access to them - that are accepted as standard provision in contemporary society. Furthermore, rural residents are in effect being asked by other sectors of society to take more deliberate action than heretofore for protecting the physical environment of the countryside. Increasingly, the use of rural space is being controlled through both incentives to encourage good management and penalties for mismanagement.

This is the general context which has brought rural development to prominence as a major theme on the public policy agenda, not only in Ireland but in the advanced economies. The salience of the rural problem of modern times in Europe was particularly marked by the publication of the EU Commission's report on *The Future of Rural Society* in 1988 (CEC, 1988). The different issues and problems identified there confronted policy makers

with the twofold challenge of revising policy objectives and reorganising the institutional framework within which policies and programmes are implemented.

Before dealing with the specifics of Irish rural development in later chapters of this report it would seem helpful to set out, at a more conceptual level, the ideas which have informed our understanding of rural development and shaped our perspective on the policy issues. Here, therefore, we are concerned with such questions as: What is rural development? Why rural development? Are the problems of rural development rural in origin? Do current policies serve rural development goals?

2. WHAT IS RURAL DEVELOPMENT?

It is conventional to think of development in policy terms, that is, as specific policies and programmes largely for the attainment of economic goals. Buller and Wright (1990:2-5) offer a more comprehensive notion of development as "an ongoing and essentially interventionist process of qualitative, quantitative and/or distributional change leading to some degree of betterment for groups of people". What constitutes 'betterment', however, is ultimately a matter of subjective personal viewpoint and ideological disposition. But Buller and Wright elaborate on their concept of development by adding that it must bring about not just an improvement in physical and social conditions but also durable gains in the *capacity of people* to control and sustain these conditions. This is to say that, as a process, development must be sustainable and, moreover, be sustainable as far as possible through the autonomous, self-reliant decision-making of the people concerned. In this more inclusive notion, therefore, 'people-development' must be linked to 'place-development'; social and political aspects of development must accompany economic growth. Putting an emphasis on local capacity, however, is not to discount the importance of 'external' supports, or of the manner in which these are delivered locally.

'Rural' is no more a clear-cut term than 'development' but it may be said that, increasingly, rural is becoming less synonymous with 'agricultural'. Of the 1.25 million people living in the open countryside (i.e. outside of towns and villages) in Ireland, approximately one-half are estimated to live on farms. In fact only about one-third of rural people could be said to be dependent primarily on farming if we (i) take the broader Census definition of 'rural' as including not just the open countryside but all those living outside of towns of 1,500 persons or more, and (ii) confine the farm population to those who rely mainly on the land for a livelihood. Later on in this report it

is argued that rural development in practice should be based on sub-county catchment areas which are formed by county towns and their hinterlands.

From what has been said it is clear that development is multi-dimensional; as a comprehensive process of change it may have any number of components which, taken individually, may not in themselves constitute development (Buller and Wright, 1990:3). Even if the multiple components of rural development are being addressed this must be done in an integrated, synergistic and mutually complementary way. Policies, programmes and implementation measures should not be conceived autonomously within the sectoral framework in which they have been traditionally designed. There is an inter-dependence among the various actions that fall under the rubric of rural development: efficient agricultural production; maximising use of natural resources; creating sustainable employment through viable businesses; establishing levels of living and a quality of life that are not widely at variance with societal norms; enabling access by local people to public goods and services; providing for effective organisational structures which enable people to mobilise collectively to meet needs which they have identified (e.g. in marketing groups); protection of the physical environment; and allowing for the strengthening and continuity of local or regional cultures as part of the richness that lies in diversity. In recognition of this inter-dependence, the terminology of rural development has in recent years been extended to 'integrated' rural development. It is accepted internationally that comprehensive programmes are needed and that "rural policy formulation must be grounded in a global, not a piecemeal, problem by problem perspective on rural areas and issues" (OECD, 1988:36). Integration also refers to the need for linkages between locally-instigated or locally-implemented actions and national or centrally devised plans. Rural development policy, therefore, must be conceived and designed not simply as a patchwork of measures but in logical relationship to the goals and constraints that describe - and circumscribe - national policies and programmes.

3. WHY RURAL DEVELOPMENT?

As has been noted rural development is an interventionist process; it consists of attempts, mostly by public policy, to moderate market-led changes which continuously reshape geographic space and the distribution of economic activities across this space (Cuddy, 1991). The question then arises: why intervene? Or as posed by Wilkinson (1992:26): why should the societies of an urban world use revenue monies and other public resources to address rural problems and thus to subsidise rural communities through what

amounts to transfer payments? He advances three basic arguments usually made to support a rural development policy.

One is an economic efficiency argument where it is assumed that a cause of rural under-development is the possible failure of market mechanisms to take advantage of opportunities for productivity and profit-making in the countryside. In this context, the encouragement of initiatives intended to exploit these rural opportunities is seen as economically sensible and as contributing to the productivity and well-being of society as a whole.

The second argument in favour of rural development is based on equity considerations. The persistence of a rural-urban gap in well-being in highly urbanised settings such as North America and mainland Europe has meant that millions of people living in rural areas are in a disadvantaged position (Deavers, 1990). On the other hand, contemporary ideas on social policy, as expressed for example in the Treaty on European Unity, emphasise a concept of progress based on more comprehensive citizen rights, on strengthening economic and social cohesion, and on combating the exclusion or marginalisation of categories of persons or areas from the mainstream of society. Besides, it is well known from history that, in a development setting, the presence of large structural inequalities can provoke discord, and the tension between rising expectations and lagging fortunes can undermine societal integration. Supporting the maintenance and development of rural areas can help to avoid such tensions and thus contribute to overall harmony in society.

The third argument for having rural policies is based on society's interest in making sure that rural land and other resources are managed and developed wisely. Everyone, by this argument, has a stake in the stewardship of the countryside. Society as a whole has a real interest in the land, forests, waters, cultures and communities outside cities, and in maintaining a rural existence to counter or complement, the urban system. Policies at both national and EU level recognise the importance of retaining a certain level of farm population in areas where there are limited alternative sources of employment. Agriculture in such areas remains significant for the maintenance of the environment, the social fabric and local settlement patterns.

Overall, these different arguments suggest that a concern for the well-being of society as a whole, elaborated to its logical conclusion, should produce a policy of maintaining rural communities and reducing the rural-urban gap in well-being. While a discussion of rural development should make it clear what is desirable, and why, it should also consider what is feasible within the

framework of existing preoccupations and priorities which constrain the pace and direction of overall national development. Consideration of constraints will help to avoid putting forward policies that belong to the realm of fantasy. Policies which might be desirable socially may be economically indefensible, or impracticable in conventional economic or socio-political terms. Given the constraints that confront Irish governments, e.g., the scarcity of public resources and the high rate of national unemployment, rural policy may have to be carefully made within rather narrow margins.

4. ARE RURAL PROBLEMS RURAL IN ORIGIN?

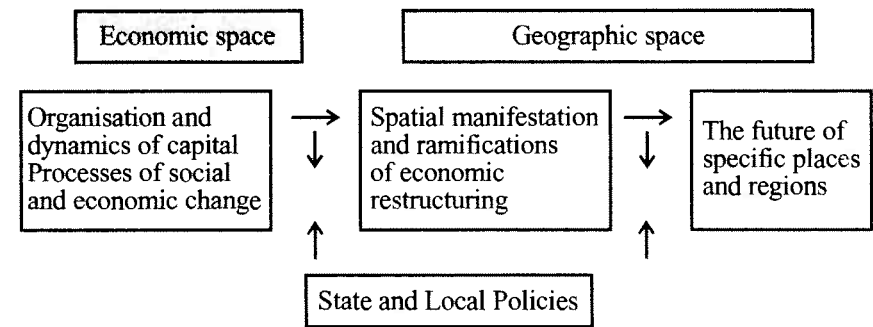
It is increasingly recognised that rural development is concerned with much more than looking for alternative activities that simply complement traditional agriculture. Excess capacity in the agricultural sector has encouraged the movement of resources out of farming and into non-agricultural activities. There has been a dramatic fall in the numbers engaged in agriculture (including forestry and fishing); for example, the number fell from 330,000 in 1966 to 155,000 in 1992. A similar shift out of agriculture can be observed in other EU states. From the overall economy's perspective, it can be argued that such a trend is to be welcomed as it represents a shift from relatively low productivity employment to higher productivity employment (Matthews, 1991). The drawback is that this occupational shift is often associated with a spatial shift in job opportunities. The jobs which disappear are in rural areas while the new employment opportunities arise predominantly in urban areas. For those areas which are visibly dominated by agricultural landscapes, the decline in agricultural activity and in the agricultural workforce can bring about an overall decline in the rural population with the subsequent break-up of rural communities and the redundancy of much infrastructural investment.

Current agricultural policies are increasingly ineffective in dealing with the difficulties in rural areas. Excess production and the forces making for global economic integration restrict opportunities to use protectionist farm commodity policies. There is currently a greater political willingness to align more with, and accept, market-driven outcomes in relation to prices and returns. The "agricultural policy crisis" must be seen as one dimension of the more general macro-level forces that are restructuring local economies. Sectoral, and indeed territorially-based, policies have to address this wider challenge of helping different landscapes cope with the restructuring effects of these macro-level forces.

This restructuring relationship may be represented diagrammatically in Figure 2.1. Two types of space are distinguished: economic space and geographic space. Economic space does not have physical boundaries. It is shaped by the rules and decisions of industrial capitalism. It has a dynamic which is generated through changes in the scale and organisation of economic activities and through the constant search for higher profit horizons by those who control capital. Such changes and decisions can have significant, and often very localised, spatial ramifications which central state or local policy may seek to influence or modulate. This concept of economically structured space treats changes in spatial patterns as very much a secondary manifestation of transformations taking place, first and foremost, within the social and technical relations of production. The concept of economically structured space is at a higher level of generality than the notion of territorial, or geographic, space. This abstraction is both necessary and useful because it helps to draw attention to a number of difficulties that arise in relation to the design and implementation of particular spatial, or territorial, policies - or, more correctly, policies to deal with problems as they manifest themselves in space. One of these difficulties is the tendency to view spatial problems as problems in their own right, e.g. that problems *in* rural regions are essentially problems *of* rural regions, that problems *in* peripheral regions are problems *of* peripheral regions, and that these problems can be dealt with exclusively through some kind of specifically regional or specifically rural-oriented planning. One reason why such a view is taken is the presence of a 'spatial separationist theme' in the underlying theory in policy and planning; that is "the notion that it is possible to identify, separate and evaluate the spatial as an independent phenomenon or a property of events examined through spatial analysis" (Sack, 1974:1). Regional theorists have tended to treat space as separate from social and economic processes, hence spatial patterns in themselves are seen as the problems that require interventions. The model of Figure 2.1 suggests that this may be a mistaken specification.

FIGURE 2.1

Socio-Economic Space, Geographic Places and Policy



The 'spatial separationist' viewpoint has been widely criticised by, amongst others, Gore (1984), Swyngedouw (1987) and by Hoggart (1990). This criticism is not that spatial patterns do not matter but, as Gore (1984) says "the questions have been formulated in the wrong way. They have been framed in a way which tries to separate a spatial pattern from the social processes which are occurring within a country, and then evaluate its effects". In a similar vein, Swyngedouw (1987:88) notes that "it is only through the recognition of the fundamental processes that determine the development path of a region that planning can become an effective policy instrument". Finally, Hoggart (1990:247) warns that "there is danger that by providing a 'landscape' focus to analysing problems real causal forces will be disguised". Clearly, a relatively unquestioned focus upon spatial issues does limit the extent to which fundamental determinants of development are addressed. Gore (1984:221) again makes the point that spatial policies can have only the limited effect of altering the spatial distribution of growth and welfare. The reason for this is that "spatial policies are innately conservative in the sense that they do not seek to offset the underlying processes of social and economic change".

From this perspective, it is therefore not surprising to discover that years of regional and rural policies have had such limited success. The recent trend to question "top-down" policies - though not in itself an adequate response to the problem - has come about because it is now realised by many that these policies were rarely developmental. When governments felt that by creating jobs in large factories they had successfully "developed" a region, what they were actually doing was papering over with subsidies the fundamental factors

which cause under-development in the first place. Similarly, farmers have been sheltered in a world of CAP and intervention and have forgotten what marketing and distribution networks mean. Very few economists, irrespective of their theoretical colours, would argue, for example, that years of regional policies in this country, or in any other for that matter, have made basic or lasting changes to the ways in which the economy functions, or to its regional linkages. In many respects, the Irish rural economy is back to where it was in the 1960s with the same issues and concerns now as existed then. The one thing that has not remained constant, however, has been the nature of economic space. This space has expanded to an almost limitless extent, encouraged by the increasing scale of economic actions and the global co-ordination of production activity.

We cannot, therefore, view spatial problems as analytically separate from overarching social and economic processes. Nevertheless, in practical terms interventions have to be made in geographic space. An important consideration in the design of policy is how to get the right balance between the specifics of local area problems and the more general processes which are mainly intractable to local solutions at the local levels, but which impinge on, and affect local economic and social events at ground level.

The relationships shown in Figure 2.1 suggest that the fortunes of rural and urban areas are shaped by common external forces. Generally, it is not particularly helpful to make clear-cut distinctions between urban and rural nor is it helpful to define, or implement, policies that emphasise only the rural at the expense of the urban, or vice-versa.

Only when communities and societies are viewed holistically can the problems of social stabilisation and well-being in rural and urban locations be understood; and only with such an understanding can policy makers forge workable solutions to the mounting problems of rural and urban living (Wilkinson, 1992:25).

The policy agenda will have a better chance of success if it is set, not totally in the narrow context of specific localities experiencing specific problems, but within a broader framework of overall national planning and strategies. This framework should be sufficiently flexible to accommodate the experiences of different areas and, at the same time, specific enough to indicate how things could be made to work better for different places. By improving our understanding of the performance and capacities of spatial areas, and of their linkages to wider processes, we will be in a better position to indicate what can and should be done, and by whom, to deal with the rural problem.

5. DO CURRENT TRENDS AND POLICIES MEET RURAL DEVELOPMENT GOALS?

It is possible to identify two types of concern of public policy in relation to rural issues or indeed to spatial issues and organisation generally. One is associated with the situation where economic development occurs unevenly across the national territory and as a result regional differences in the level of welfare become major social and political issues. This is the typical situation used to make the case for a regional or rural policy. The argument that is usually made is a social one, where it is recognised that any attempt to change the locational pattern of economic activity brought about by market forces may result in a loss of overall efficiency in the economy and a somewhat lower measured rate of growth of national product. But this is considered as a trade-off and acceptable in principle. Nevertheless, a judgement would have to be made on how much of an efficiency loss was acceptable for the purposes of pursuing particular non-economic goals.

The second concern for public policy in relation to spatial organisation is associated with the effort to identify a strategy for spatial management which can further the general objectives that are set for the economy. Here it is assumed that there is a relationship between the way in which economic space is organised and the pace and structure of economic growth, and that a certain organisation of space is consistent with the stated goals (Parr, 1979). In addition, market mechanisms may not bring about the needed adjustments in the spatial form of the economy, such that spatial resource allocation and location patterns are at an optimal position. Based on such assumptions it becomes necessary to ensure that the proper integration of national, regional and local planning can take place. This is an argument for some type of regional planning framework where the objective is to promote the efficient use, and deployment, of scarce resources and avoid both ad hoc responses to spatially manifested problems and/or narrow sectoral views of development (Blackwell and van der Kamp, 1987).

The economic conditions of the nineties are not conducive to policy-making within the confines of very rigid spatial frameworks. The increasing demand for international competitiveness, the challenges of the Single European Market and the whole internationalisation of economic space have created pressures for policy to deal with the rapid structural adjustments taking place in the economy. The specific priorities identified within the Community Support Framework (CSF) of 1989-1993 to draw down the EU Structural Funds are a good illustration of the principles underlying this approach. These principles, as they relate to achieving improvements in productive capacity, in infrastructure and in human resources are: that assistance should

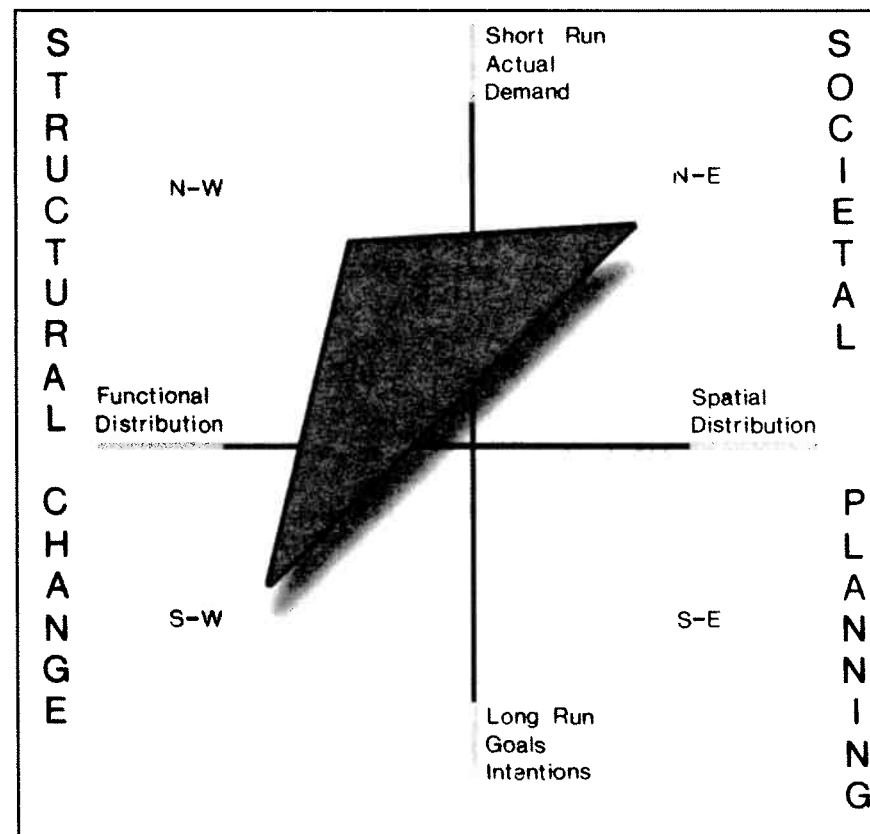
have a significant economic impact; that productive investments should be encouraged; and that the aid to infrastructure should be concentrated on whatever produces the greatest impact on economic development.

In the overall policy framework governing the CSF and each of the component Operational Programmes, no clear assumptions are made about any relationship between economic change and spatial structure. Planning strategy is put into operation basically through national sectoral programmes; the territorial basis for planning is the whole country. Consequently, there are few explicit spatial guidelines as to how different strategies are to be implemented, though a general concern to promote 'balanced regional development' is expressed. The implication is that there is no particular desire on the part of the State to manage the organisation of space, or that the issue of spatial organisation is not considered as one of the mechanisms that might be of importance in helping to fulfil national policy goals. This lack of an explicit spatial dimension in the various policies and programmes means that it is difficult to devise and draw on public support measures either for regions or for rural areas that will be consistent and compatible across different policies, programmes and levels. In this regard, Blackwell and van der Kamp (1987:5) have made the important point that "if the development path is not set out clearly at national level, the regional articulation will, of necessity, be wanting in clarity". The contents of current sectoral and territorial policies are undoubtedly very much in line with the OECD (1988:24) view that such policies will "act much more as adjustment and remedial instruments within a framework determined by policies involving the entire national and international economy". From such a viewpoint, it would appear that rural areas are being left to work out their own roles or, at best, these areas will continue to receive limited support from policies and programmes that are primarily national in focus. These latter policies offer no clear directions on how rural geographical spaces might be integrated with the national economic space.

It is against this background that some attempt must be made to identify arrangements that can be worked out for rural development within the overall thrust of current national policies and goals. The diagram in Figure 2.2 is useful for discussing some dimensions of this issue. The south to north axis indicates the planning time-scale involved in particular policy stances. Positions on the west and east axis decide to what extent goals on spatial distribution are present in policies and programmes, as distinct from goals that reflect and serve the existing functional distribution of economic activity. Thus, a position in the north-west quadrant of this policy space indicates a short-run and instrumental perspective on economic change, while the

south-west quadrant represents a longer-term and more strategic perspective which tries to act on the deeper structural adjustment problems of the society. The latter position is one which tries to avoid the narrow ad hoc response and seeks to foster what Blackwell and van der Kamp (1987:ix) describe as a programme view of development.

FIGURE 2.2
Dimension of Policy Analysis



Source: Sundberg and Carlen (1989).

Structural adjustment is a dominating feature of contemporary economic change and while it is debatable as to whether current policies represent short or long-term responses to structural difficulties in the economy, it is clear that the majority of these policies are designed along functional or project lines. These are the policies dealing with sectors: such as policies for industry, for agriculture, or for tourism. A location on the north-east quadrant in Figure 2.2 indicates a short-run policy position and, given that in the

short-run the spatial distribution of economic activities is fixed, it is a policy stance, that works within, and preserves, the existing spatial structure. Within this same stance public resources are primarily allocated within, and to serve, this spatial structure. Little or no consideration is given to affecting the underlying structural configuration or process. Finally, points on the south-east quadrant of Figure 2.2 can be identified with comprehensive planning. Here there is a national policy of regional development which considers the national economy in its spatial dimensions as well as regional economies as sub-systems having internal balances and external flows. This perspective also takes into account the opportunities and consequences that are connected with each of the three other quadrants.

The general shape of current national policies and programmes is illustrated by the shaded area in Figure 2.2. Other than some general aspirations towards promoting regional balance, there is little attempt to give any positive spatial articulation to the contents of different policies and there are few policy instruments that specifically address issues of spatial distribution. In the 1970s the provision of rural employment was a dominant criterion in industrialisation policy and a considerable degree of geographical dispersal of investment was achieved. However, in the 1980s there was a clear retreat from this strategy. The White Paper on Industrial Policy (1984) indicated that resources would be devoted increasingly to high-technology industry and to internationally tradeable sectors. With this switch in industrial policy the mandate of the Industrial Development Authority (IDA) became one where priority was given to those areas with the greatest economic growth and job creation prospects, the highest unemployment levels and job losses and the highest prospective labour force growth. The effect of the application of such criteria is eventually to favour the large urban centres of the East and South of Ireland, and other large towns. Despite what Varley *et al* (1991:18) refer to as "sympathetic official tendencies" to encourage some deconcentration and dispersal of resources, the forces of larger-scale development and spatial concentration are dominant.

The underlying trend in development in Ireland, based on natural resources, is towards larger scale. Such a trend is very clear in agriculture, where in the late 1980s 20 per cent of Irish farms produced practically two-thirds of output (Commins and Higgins, 1987). The same is true in State forestry where employment has decreased in recent decades due to mechanisation, rationalisation and labour productivity (Ní Dhubháin, 1993:86). Investment companies have been responsible for more than half the new plantations in certain western counties in the 1980s (Kelleher, 1986). In sea fishing, catches and landings of demersal fish are increasingly concentrated among a small number of boats and fishing ports (Sectoral Consultative Committee, 1984).

In preparation for the more fiercely competitive Single European Market environment, the largely co-operative-based milk processing industry has geared itself for a major rationalisation programme of amalgamation and overseas acquisitions. There has been a high degree of concentration and centralisation in retail business, especially in grocery shopping.

In general terms, the prospects for dispersed manufacturing have notably decreased in the past years as a result of centralising influences. These influences are even recognised within government departments as almost inevitable. For example, the 1990 Agriculture and Food Policy Review (AFPRG, 1990:64) states that "the rationalisation of certain state services in order to achieve economies and to improve the quality and range of services, as well as commercial pressures which have, for example, forced the closure of local shops, are also having an impact on the fabric of rural life". Recent economic and demographic trends reveal significant spatial imbalances. The preliminary data from the 1991 Census at the level of Rural Districts testify to a landscape where there is strong population growth in the intercensal period 1986-91 in those - comparatively few - rural areas that have reasonably strong and diversified economies and that were within easy access to large urban centres. All other rural areas have experienced population losses. These trends, albeit highly aggregative, reflect the contemporary economic structuring of space which is taking place through rationalisation of agricultural and industrial activity, in the selective nature of current industrial location decision-making, in the growth of tertiary sector employment, and in the centralisation of services. If policies offer no coherent resistance to these trends then there will be negative consequences for the economic and demographic vitality of rural regions and for the viability of rural services.

6. CONCLUSION

Rural development is a multi-dimensional and complex process incorporating both conventional economic development activity and a range of other actions aimed at enhancing the human capacities and powers of self-determination among rural people. There is a clear disjunction between the contents and shape of current official policies and the requirements of a rural development programme. This gap will not be closed by simply turning the responsibility for development over to local people in the form of a variety of area-based schemes that are invariably under-resourced, not alone in terms of financial resources but in the technical assistance needed to formulate sound strategies, develop organisational structures and facilitate informed decision-making. Area-based strategies, even if they are well designed, cannot succeed if they are not supported within the larger policy framework.

MAIN DEMOGRAPHIC TRENDS

1. INTRODUCTION

While the context of rural development and the representation of rural development as a theme on the national policy agenda may have varied over time there has tended to be one constant underlying aim, viz., the maintenance of the country's rural population. Over 40 years ago the Commission on Emigration was set up to investigate the causes and consequences of the decline in population, especially in rural areas. In 1964 the Government's aims for rural development under the Second Programme for Economic Expansion were: to retain the maximum number of people in agriculture consistent with social and economic progress; to create viable farm units with minimum disturbance of the population; and to ensure, as far as practicable, that those who leave agriculture had adequate employment opportunities in other sectors of the economy. The Second Programme went on to state that there was a need for development in such sectors as industry, forestry and tourism, on the basis of an integrated approach (ASPEE, 1964:188-191). Almost identical aspirations were expressed in the more recent Programme for Economic and Social Progress, viz., to stabilise the rural population by the appropriate integration of agricultural, industrial and other policies (PESP, 1991:68). The National Development Plan 1994-1999 refers to the importance of ensuring a 'vibrant rural community' (NDP, 1994-1999; 1993:53) but does not make explicit reference to rural population maintenance. However, the Programme for Competitiveness and Work (PCW, 1994:40) states that policy must aim to maximise employment in rural areas and thereby stabilise the population.

These policy goals set reference points against which we may examine the extent to which policy aims have been successful.

The essence of the problem in Ireland's rural areas is revealed in two sets of basic demographic data: trends of decline in population numbers and the statistics on the comparatively low density of population in the regions outside of the Dublin metropolitan area and its neighbouring counties. Demographic data are, of course, indicators of more basic economic and sociological processes to which we shall advert later. Here the objective is to outline the more recent trends in rural area population levels. The most recent data available (from the 1991 Census of Population) show that after a

its support is either missing within the present policy menu or else is very much lower down in the hierarchy of decisions than national or sectoral development policies. The way to proceed is to look at the possibilities that can be supported through a rural development policy conceived and designed, not simply as an accretion of measures, but as a logical extension of the goals and the constraints that describe national territorial policies and programmes.

Public policies could, for example, aim at facilitating rather than delaying the centralisation trends that are now evident. Alternatively, there could be a different policy if it were felt that adverse short-run effects would result from the process of rationalisation. In this second case, the policy might seek to offset some of the effects of concentration and consolidation in the organisation and provision of private sector services by deliberately not centralising the provision of public services. These choices must be clearly set out at the national level. This means that there will have to be a greater effort to articulate more clearly the geographical implications of different overall policy choices. In the terms of Figure 2.2, policies should have more of a spatial and longer-term dimension.

Policy choices can be mapped in regard to options like functional versus territorial integration, concentration versus dispersion, out-migration versus inward capital assistance, or private sector-led versus public sector-led development. The framework needed would seek to give greater countenance to the kind of issues and perspectives outlined above, to the territorial dimension or to the spatial aspects that are associated with certain choices. Such a perspective is clearly relevant in the context of the deployment of EU Structural Funds. The availability of some of these resources creates an opportunity to think strategically about sustainable spatial patterns and at the same time make the needed investments to support key national and sectoral aspirations for development. An ideal rural strategy would be one where local level actions and national or inter-regional objectives share a common ground in being integrated and mutually supporting.

The key to finding such common ground is to address the problems of the rural system through a strategy of identifying the more viable elements which are emerging within the current pattern of changes. Specifically, a central element of the desired approach is to identify a gradation of urban and town centres, which together with their service hinterlands, could be the basis for the re-organisation of the rural economy so as to consolidate economic activity and achieve demographic stability.

period of some stability during the 1970s, rural population trends resumed their historical pattern of decline on a widespread basis towards the end of the 1980s.

The detailed trends are discussed in the following sections.

(i) The Rurality of the Regions

Before turning directly to the demographic trends it is important to bear in mind how essentially rural the Republic is outside the Dublin area. While 43 per cent of the total Irish population live in rural areas (i.e. in towns of under 1,500 persons or in open country districts) this national figure is a distortion of the real degree of rurality because of the inordinate influence of the Dublin metropolitan area on the urban total. In aggregate terms 60 per cent of the population outside County Dublin live in rural areas. At county level 19 counties had a rural majority in 1991, while at regional level nearly one-third of people outside of Dublin lived in Planning Regions in which 70 per cent or more of residents were rural.

TABLE 3.1

Percentages of Total Population by Type of Centre or Area - Planning Regions 1991 Type of Centre/Area in Population Size

Planning Region	% of Population	Towns 100,000+	Towns 10,000 to 100,000	Towns 1,500 to 10,000	Towns under 1,500	Remainder (Open country)
East	38.3	67.8	9.6	8.2	2.8	11.6
South-East	10.9	—	27.1	13.2	11.1	48.6
North-East	5.5	—	27.7	13.7	9.3	49.3
South-West	15.1	32.8	3.4	15.9	8.0	39.9
Mid-West	8.8	—	29.4	12.4	12.0	46.1
Midlands	7.2	—	11.0	19.8	11.7	57.5
West	8.3	—	17.5	12.9	8.2	61.4
North-West	2.3	—	22.4	1.9	14.1	61.6
Donegal	3.6	—	8.4	12.1	18.4	61.2
Total	100.0	30.9	14.3	11.8	7.6	35.4

Source: Census 91, Vol 1, Table 9.

Table 3.1 shows the percentages of population living in different categories of area for each of the Planning Regions. Except for the East and South-West, where the two largest urban centres (Dublin and Cork) are located, all other regions have more rural than urban residents.

2. TRENDS IN POPULATION SIZE

(i) Aggregate Rural Areas

Because of changes in the legally defined boundaries of towns, together with the practices in recent censuses of including suburbs or environs in enumerating town size, it is not possible to give comparable population figures over time for areas defined as 'rural' in the 1991 Census. For each Census after 1951 comparable figures are available only for the immediately preceding Census (except for 1981 when comparisons are available for 1979 as well as for 1971).

The population trends for aggregate rural areas on this paired comparison basis are shown in Table 3.2, for the years between 1966 and 1991.

TABLE 3.2

Numerical Changes in 'Aggregate Rural' Population, 1966 to 1991 (Thousands)

Year	Leinster	Munster	Connacht	Ulster	Total
1966	441	479	323	178	1439
1971	449	493	307	174	1423
1971	431	487	306	169	1393
1981	496	531	318	183	1529
1981	409	517	314	181	1502
1986	512	530	317	185	1544
1986	508	527	317	186	1538
1991	507	519	306	183	1515

Source: Census 91, Vol 1, Table D.

The historical pattern of declining rural population was reversed in Leinster from the late 1960s onwards. This demographic revitalisation spread to all provinces during the 1970s and, as in Leinster, was also maintained until the mid-1980s.

Data both for the Planning Regions (Table 3.3) and for counties show that this reversal of depopulation was diffused widely throughout the national territory although the momentum of increase slackened off somewhat during 1981-86. In both intercensal periods, 1971-81 and 1981-86, the rate of increase in the eastern region doubled the national average. On the other hand, the weakest recovery was evident in the North-West, West and in the Midlands, although the South-West also showed slow momentum. Surprisingly, perhaps, Donegal emerged as an exception to the general western pattern of slow recovery.

TABLE 3.3

Per Cent Changes in 'Aggregate Rural' Population by Planning Region, 1971 to 1991

Planning Region	1971-81	1981-86	1986-91
East	+20.8	+6.3	+1.2
South-East	+11.8	+3.1	-0.6
North-East	+7.2	+2.1	-1.4
South-West	+8.4	+1.9	-1.4
Mid-West	+9.2	+3.6	-1.4
Midlands	+6.8	+1.8	-3.3
West	+5.8	+1.5	-2.6
North-West	+1.4	+0.1	-4.5
Donegal	+13.1	+3.3	-2.1
Total	+9.7	+2.8	-1.5

Source: Census of Population 1981, Vol 1, Table 9B;
Census 86, Vol 1, Table 9B;
Census 91, Vol 1, Table 10.

Reference to the data for aggregate rural areas at county level shows that in the 1970s all but two counties, Leitrim and Roscommon, had reversed the longer-term trend in rural population loss - Roscommon failing only by a marginal number. During 1981-86 also, there were increases recorded in the rural populations in all counties, again with the exception of Leitrim and Roscommon, together with Clare where the decline was slight (0.2 per cent).

(ii) Return to Rural Depopulation

The mid-1980s clearly marked the end of the recovery in rural population numbers. In fact it is remarkable to note the widespread scale and severity of rural population declines during the late 1980s. Except for the East Region the return to rural depopulation was evident in all regions but particularly in the North-West, West and Midlands and to a lesser extent in Donegal (Table 3.3).

(iii) Rural Districts

Statistics pertaining to the 'aggregate' rural population have a drawback for present purposes in that they are not decomposed for area units below the county level. For more refined analysis at sub-county level, it is necessary to turn to the trends in Rural Districts and - in a later section - to changes in population centres of different size.

TABLE 3.4

Total Numbers of Rural Districts (RDs) and Numbers with Declining Population, by Planning Region, 1971 to 1991

Planning Region	Total RDs	1971-81	1981-86	1986-91
East (excl. Dublin)	15	2	-	5
South-East	28	3	7	18
North-East	13	3	3	11
South-West	23	7	9	17
Mid-West	21	4	7	17
Midlands	21	3	5	19
West	17	4	6	15
North-West	9	7	8	9
Donegal	8	-	-	6
State (excl. Dublin)	155	33	45	117
Per cent	100	21	29	75

Source: Derived from Census of Population, various years.

There are 155 Rural Districts (RDs) in the State outside of County Dublin. Many contain quite large county towns and in this way they accounted for 53 per cent of the national population in 1986 (74 per cent of the population

outside County Dublin) compared to 44 per cent for the aggregate rural area population. Related to this, the recorded population changes at RD level under-estimate the extent of the decline in the smaller, more rural communities.

Again, Table 3.4 shows the sharpness of the reversal of population recovery in rural areas. In 1971-81, 21 per cent of RDs lost population, 29 per cent did so during 1981-86, while the proportion rose to 75 per cent in 1986-91.

TABLE 3.5

Per Cent Changes in Rural District Populations by Planning Region, 1971 to 1991

Planning Region	1971-81	1981-86	1986-91
East (excluding Dublin)	+37.8	+11.1	+3.4
South-East	+17.0	+ 4.7	-0.5
North-East	+ 9.8	+ 2.3	-1.7
South-West	+16.1	+ 4.6	-0.9
Mid-West	+17.4	+ 5.6	-1.5
Midlands	+11.1	+ 1.6	-2.9
West	+ 7.6	- 0.9	-0.9
North-West	+ 2.0	- 0.05	-3.6
Donegal	+14.9	+ 3.9	-1.2
State (excluding Dublin)	+15.7	+ 3.4	-0.7

Note: Figures for each intercensal period are based on revised data for comparable areas.

Source: Census of Population 1981, Vol. 1, Table 11;
Census 86, Vol 4, Table 11;
Census 91, Vol 1, Table 12.

When aggregated by Planning Region, RDs can be seen (Table 3.5) to have lost population in all of the nine regions, with the exception of the East, during 1986-91, although in the West and the North-West that decline was already under way in the earlier part of the decade. While the East Region is thus the clear exception to the 'return of rural depopulation' it is worth noting that even in the East the rate of growth diminished considerably. Nevertheless, the implication of these figures is that the exceptional expansion in the eastern counties is not solely due to their higher level of urbanisation; in fact, population increases in the East are associated more with the Region's Rural

Districts than with its Urban Districts. We return to this point later on in discussing Tables 3.6 and 3.7 below.

While Table 3.5 shows that during the 1980s the problem counties in respect of depopulation were in the West and North-West, the most recent (1986-91) trends show the Midlands emerging as an additional problem region. As will be recalled from Table 3.4 all but two of the 21 RDs in the midland counties lost population during 1986-91.

Overall regional population stability, if not stability at the RD level, could be attained if Urban Districts (UDs) had increased numbers sufficiently to offset losses in neighbouring rural areas. This, however, has not been the experience. Within the Regions, declines in the aggregated population of Rural Districts were not balanced by growth in UD and County Boroughs; in some cases the problem of RD losses was compounded by declines in the urban system (Table 3.6). In the South-East, South-West and Mid-West, even the gains in RD numbers were over-shadowed by greater UD losses. (The figures for the South-West in Table 3.6 are mostly a reflection of growth in the Cork city hinterland and a decline in the County Borough). The net result of these 1986-91 changes is that all regions except the East experienced declines in their *total* population numbers during this period.

(iv) 'Suburbanisation' and 'Dispersed Urbanisation'

Clearly, then, the significant feature of the late 1980s' downturn in population is the failure of UD and County Boroughs to counter the rural losses. In fact the rate of decline in the UD was six times greater than in the RDs (-2.1 per cent as against -0.35 per cent). Outside of Dublin City and County, the Republic's population fell by some 19,000 in 1986-91, with about two-thirds of this attributable to the UD and County Boroughs although these only constituted one-quarter of the total number of persons in this delimited area.

TABLE 3.6

Numerical Changes in Population, Rural Districts and Urban Districts, and Percentage Change in Total Population by Planning Region, 1986-91

Planning Region	Rural Districts	Urban Districts & Co. Boroughs	Total	Per Cent Change (Total)
Dublin City and County	-	+3855	+3855	+0.4
Rest of East	+9912	+ 709	+10621	+3.4
South-East	+ 223	-2009	-1786	-0.5
North-East	-1452	-1889	-3341	-1.7
South-West	+3462	-8093	-4631	-0.9
Mid-West	+ 88	-4795	-4707	-1.5
Midlands	-6997	- 708	-7705	-2.9
West	-5881	+3222	-2659	-0.9
North-West	-3067	+ 43	-3024	-3.6
Donegal	-1982	+ 435	-1547	-1.2
State	-5694	-9230	-14924	-0.4

Source: Derived from Census 91, Vol 1, Table 12.

To put this another way, we may say that the RD and UD classifications of the national territory are not adequate for capturing the spatial dynamics of population change over the past two decades. Part of the explanation lies in the 'suburbanisation' - rather than the urbanisation- of the Irish population over the past decade or so. The RD figures are likely to reflect these extensions of urban growth which have tended to occur at the expense of the expansion of population within the legally defined limits of UDs and County Boroughs. It is possible to throw some light on this issue by summarising the main developments during the 1980s for the population of the State (Table 3.7). The categories of area with the highest rates of increase are the 'suburbs and environs'.

TABLE 3.7

Population Change by Category of Area, 1981-86 and 1986-91

Category of Area	1981-86		1986-91	
	Nos (000s)	%	Nos (000s)	%
Town population within legally defined boundaries	-43.9	- 3.3	-37.0	- 2.8
Town population in towns without legally defined boundaries	+29.7	+ 7.6	+ 8.3	+ 2.0
Net change (inside town 'boundaries' and other towns)	-14.2	- 0.8	-28.7	- 1.7
Suburbs and environs	+78.7	+17.0	+33.8	+ 6.4
Net change - all towns	+64.5	+ 2.9	+ 5.1	+ 0.2
Country districts	+32.7	+ 2.6	-20.0	- 1.6
Total State	+97.2	+ 2.8	-14.9	- 0.4

Source: Derived from Census of Population.

Expectedly, about 80 per cent of suburban expansion took place in the major cities and County Boroughs but almost 60 per cent was in the Greater Dublin Area alone. Correspondingly, almost all of the decline inside town boundaries occurred in Dublin and the other County Boroughs.

(v) **Changes by Type and Size of Place**

Analysis of population changes by type of place (centre or district) shows that in the aggregate all size of place categories shared in the demographic recovery of the 1970s (Table 3.8).

The medium-sized towns (3,000 to 10,000 population) had the better rates of growth (approximately 40 per cent in aggregate over the decade). However, these 59 medium-sized towns represented such a small proportion of the total State population that in spite of large *proportionate* increases in their numbers of inhabitants during the 1970s the absolute gains were relatively small, and were exceeded by the increases in the Dublin area alone.

TABLE 3.8

**Per Cent Population Changes 1966 to 1991 and Population
Distribution by Type of Area/Centre, 1991**

Type of Area/Centre	Per cent change				%
	1966-71	1971-81	1981-86	1986-91	
Greater Dublin Area	+ 5.6	+14.2	+0.8	-0.6	26.0
County Boroughs ¹ and suburbs	+ 7.3	+15.5	+3.1	+1.1	9.6
<i>Other towns - populations with environs:</i>					
10,000 and over ¹	+ 8.7	+25.8	+6.7	+3.0	9.8
5,000 to 10,000	+ 8.1	+40.4	+5.3	+0.8	6.1
3,000 to 5,000	+16.0	+38.1	+4.3	-0.5	2.6
1,500 to 3,000	+10.7	+26.3	+2.5	-1.1	2.8
1,000 to 1,500	+ 7.9	+24.4	+0.2	-2.1	2.4
500 to 1,000	+ 7.6	+22.6	+4.7	-1.2	2.6
Under 500	+ 5.8	+29.7	+6.1	-0.4	2.7
Country districts	- 2.2	+ 7.4	+2.6	-1.6	35.4
State	+ 3.3	+15.6	+2.8	-0.4	100.0

¹ The Galway Municipal Borough is included in the figures for County Boroughs and suburbs from 1971.

Sources: Census of Population 1971, Vol 1, Table VII;
Census of Population 1981, Vol 1, Table G;
Census 86, Vol 1, Table G;
Census 91, Vol 1, Table G.

When the population growth of the 1970s slackened off in the early 1980s the reduced momentum was evident in the aggregate figure for all types of areas. In other words, the failure to maintain the 1970s' rate of recovery was not confined to the more rural areas. Yet, the slow-down in population growth was not experienced evenly by the different types of places (Table 3.8). In the late 1980s when the slow-down of growth turned into widespread population decline, the reversal was also unevenly shared being confined to all town-size categories and country districts, up to the 5,000-person level. (The Greater Dublin Area also had a small decline). This would suggest that the larger the population centre the less its propensity to lose population. While this is true at the aggregate national level (Table 3.9) there is, in fact, a pronounced sub-regional effect evident in the most recent intercensal period. In 1986-91 about 80 per cent of the gross population increases in

towns above 5,000 persons (excluding the County Boroughs and Dublin) occurred in 'satellite' towns linked to the Dublin metropolitan area (Swords, Malahide, Celbridge, Lucan, Maynooth, etc).

TABLE 3.9

**Per Cent of Towns in Different Size Categories having
Population Decline**

	1981-86	1986-91
Greater Dublin Area	0.0	100.0
County Boroughs	0.0	25.0
Other Towns (persons)		
10,000 persons +	0.0	33.3
5,000-10,000	37.5	65.5
3,000-5,000	37.5	72.0
1,500-3,000	46.5	70.0
1,000-1,500	53.4	64.1

Source: Derived from Census of Population 1986, and 1991.

In summarising the population changes by size of place we may say that while in the early 1980s the stabilisation of population levels was more readily achieved by the larger centres, the stability attained in the late 1980s was largely confined to the County Boroughs and to a belt of towns within the 'outer Dublin commuting zone'.

(vi) Regional Population Shifts

From the foregoing analysis it will be apparent that long-term trends in population numbers in Ireland have two major implications - leaving aside consequences for the demographic structure. These are the imbalances in numbers between regions and the lowering of population density in rural areas.

Regional shifts are most pronounced as between the five eastern 'expanding counties' (Dublin, Kildare, Louth, Meath and Wicklow) and the five north-western 'problem counties' (Mayo, Roscommon, Leitrim, Sligo and Longford). In the three decades since 1961 the population of Dublin and its neighbouring counties has grown by 467,000 persons, or somewhat more

than the current population of Connacht. By contrast, the north-western counties lost 27,000 people. Even in the decade 1981-91 the 'eastern five' grew by 62,000 whereas the 'north-western five' declined by 10,000. As a result, 41 per cent of the Republic's current population is in the 'eastern five' (up from 34 per cent in 1961), as compared with 9 per cent in the North-West (down from 11 per cent in 1961).

While the growth of Dublin is often considered to be detrimental to maintaining population in rural areas, the reality is that during the 1980s population expansion has been much more vigorous in the perimeter counties than in the metropolitan county itself. Over the decade the combined population of Kildare, Meath and Wicklow grew by 13.4 per cent compared to 2.1 per cent for Dublin city and county.

(vii) Population Density

Associated with Ireland's high degree of rurality is a low density of population. The national density figure of 50 persons per km² is the lowest among the EU member states, but over half of the 155 RDs outside Dublin County had densities of below 25/km² in 1991 while in one-quarter the density ratio was less than 19/km².

The lowest RD densities are generally in the West, North-West and South-West coastal areas. As will be discussed in Chapter 10, low density presents particular problems in providing rural services on an economic basis.

3. DEMOGRAPHIC COMPONENTS OF POPULATION CHANGES

In any given period changes in the numbers of persons living in an area arise in the first instance from the interplay among births, deaths and the balance of in-migration and out-migration (net migration). Nationally, there has been a steady decline in birth numbers since 1980. The number of deaths has also fallen though not to the same extent. Thus between 1981-86 and 1986-91 the crude birth rate in the State fell from 19.1 to 15.7 (per 1,000 population) while the death rate declined from 9.4 to 9.0. The outcome was a drop in the rate of natural increase (births minus deaths) from 9.7 in 1981-86 to 6.8 in 1986-91. During the 1970s this rate was as high as 11.3.

TABLE 3.10

Annual Average Rates of Natural Increase and Net Migration (per 1000 average population)

Planning Region	Natural Increase			Net Migration		
	1971-81	1981-86	1986-91	1971-81	1981-86	1986-91
East	14.3	11.7	8.6	+5.1	-4.7	-6.5
South-East	11.0	9.5	7.0	+2.1	-4.0	-7.9
North-East	10.4	9.2	5.6	+0.3	-4.5	-9.0
South-West	9.6	8.1	5.2	+2.4	-3.7	-6.9
Mid-West	11.0	9.0	6.0	+2.3	-4.4	-9.0
Midlands	8.6	8.6	5.3	+1.4	-4.0	-11.2
West	8.1	7.8	5.0	+2.1	-3.1	-6.9
North-West	3.9	4.8	2.0	+1.6	-4.8	-9.5
Donegal	8.1	8.3	5.8	+6.3	-1.2	-8.2
State	11.3	9.7	6.8	+3.2	-4.1	-7.6

Source: Census of Population 1981, Vol 1, Table 9B;
Census 86, Vol 1, Table 9B;
Census 91, Vol 1, Table 10.

(i) Out-Migration

Information on rates of natural increase and net migration are not available separately for rural areas (or Rural Districts). Data for the Planning Regions (Table 3.10) show that in the early 1980s, out-migration had begun to replace the in-migration of the 1970s. However, this outward movement was not of sufficient scale to offset the entire volume of natural increase and so overall population levels continued to expand - although at a slower rate than in 1971-81.

Combined with a weakened rate of natural increase in the late 1980s was a rise in the rate of net out-migration. Nationally, this rate almost doubled compared to the rate of the early 1980s and out-migration intensified in all regions (Table 3.10), thus accounting for the widespread decline in population levels during 1986-91.

All counties in the Republic had a net out-migration rate in 1986-91, a majority having doubled their 1981-86 rates. In accordance with the general

pattern of demographic decline, high net out-migration rates were recorded in the North-Western counties (Leitrim, Longford, Roscommon, and Mayo). However, what was more remarkable during the late-1980s was that the midland counties joined this North-Western group of high out-migration counties. Net out-migration rates of over 10.0 (persons for 1,000 population) were recorded in Westmeath, Offaly, Laois, Tipperary N.R. and Tipperary S.R.

These gross migration statistics for regions and for counties obscure the fact that even in the 1970s the movement of young people from rural areas was quite widespread. It happened to be over-shadowed by a return movement among those in older adult age groups, and of course it was offset numerically by the high rates of natural increase. The impact of out-migration among young adults in rural areas may be seen for both the 1970s and 1980s by comparing the changes in two age cohorts over 10-year periods, i.e., the 10-14 year old are cohorts as of 1971 and 1981, which would constitute the 20-24 year old cohorts in 1981 and 1991, respectively. Differences in the numerical size of these age cohorts as between their childhood and adult years can be taken as a reasonable estimate of the net effects of migration.

TABLE 3.11

Per Cent Change in the 10-14 Year Age Cohorts by Age 20-24 Years, Rural Districts in Planning Regions

Planning Region	1971 (10-14 years) 1981 (20-24 years)		1981 (10-14 years) 1991 (20-24 years)	
	Males	Females	Males	Females
East (excl. Dublin)	-0.4	-4.1	-26.1	-28.7
South-East	-17.4	-27.2	-34.1	-41.7
North-East	-17.4	-29.2	-31.6	-41.8
South-West	-14.1	-24.8	-27.8	-36.8
Mid-West	-14.4	-23.2	-29.6	-37.8
Midlands	-20.1	-31.7	-37.5	-45.1
West	-29.9	-40.7	-43.3	-52.5
North-West	-29.3	-40.2	-43.8	-55.8
Donegal	-20.8	-25.5	-35.8	-39.2

Source: Derived from Census of Population (various years).

This calculation is done for the combined RDs in the Planning Regions (Table 3.11). The figures suggest that in recent years, in the West and North-West RDs, over 40 per cent of males and over 50 per cent of females had left their home areas by the age of 20-24 years. The Midlands had also high loss rates through out-migration. Some of those leaving RDs may locate in urban areas in the same region but, given that most UD's in those regions lost total population between 1986 and 1991, the numbers moving locally are not likely to be of much significance.

4. CONCLUSION

If the maintenance of rural population levels is taken as a criterion for judging the efficacy of Irish public policy - and it is a central policy goal - then policy measures have been singularly unsuccessful in recent years. The rural population increases of the 1970s slackened off in late 1980s. In this last period even the gains in urban areas were not sufficient to counter the rural losses. The result was that most areas - rural and urban - outside the larger Dublin Metropolitan region experienced population decline (Figure 3.1 and Figure 3.2). The return to rural depopulation in the 1980s was due to a combination of lower rates of natural increase (mainly because of falling birthrates) and high rates of out-migration. In 1986-91 population growth on any extensive scale was confined to the satellite towns and districts within the outer commuting zone of Dublin, and, to a lesser extent, in the hinterlands of the County Boroughs. In the early 1980s there was some tendency for larger towns to hold population but later in the decade regional location became more important than town size in determining population stability.

FIGURE 3.1

Rural District Population Change 1981-86 (%)

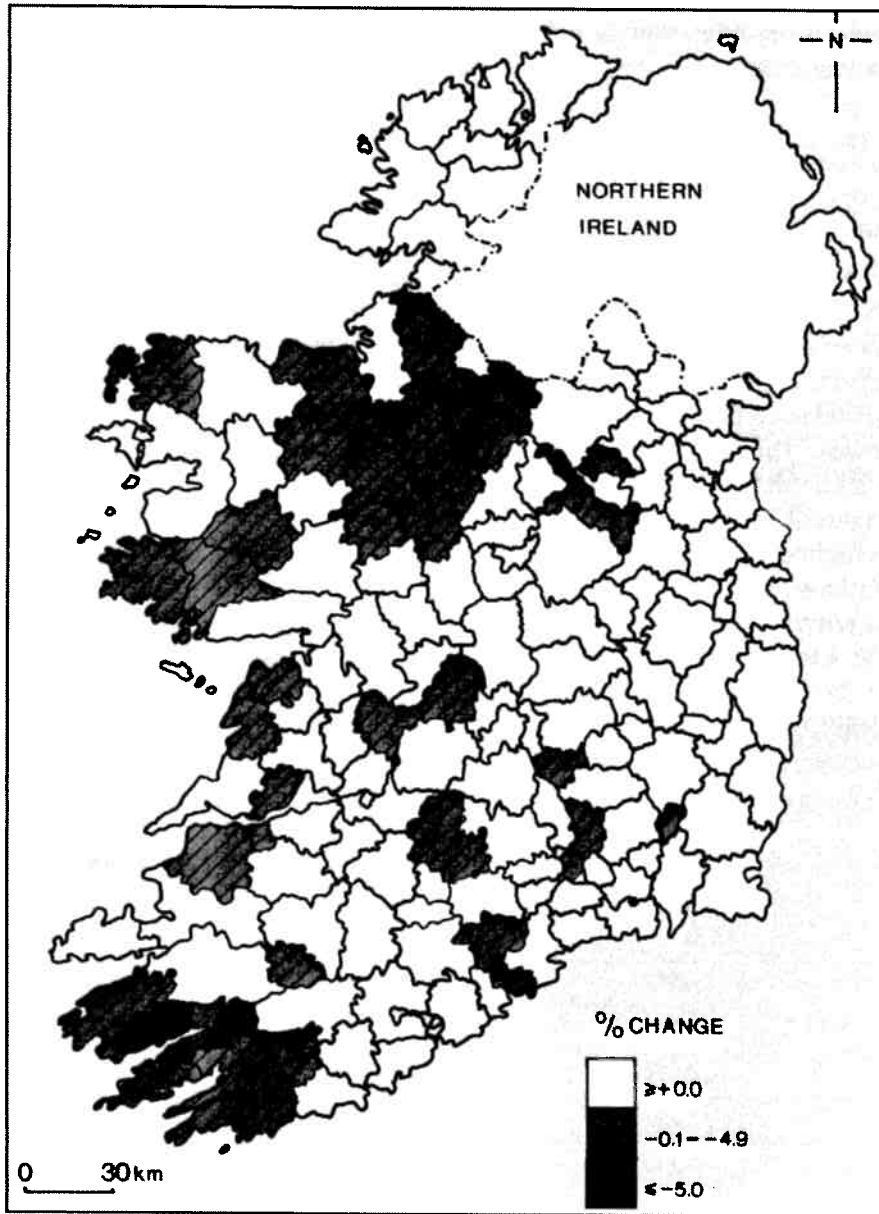
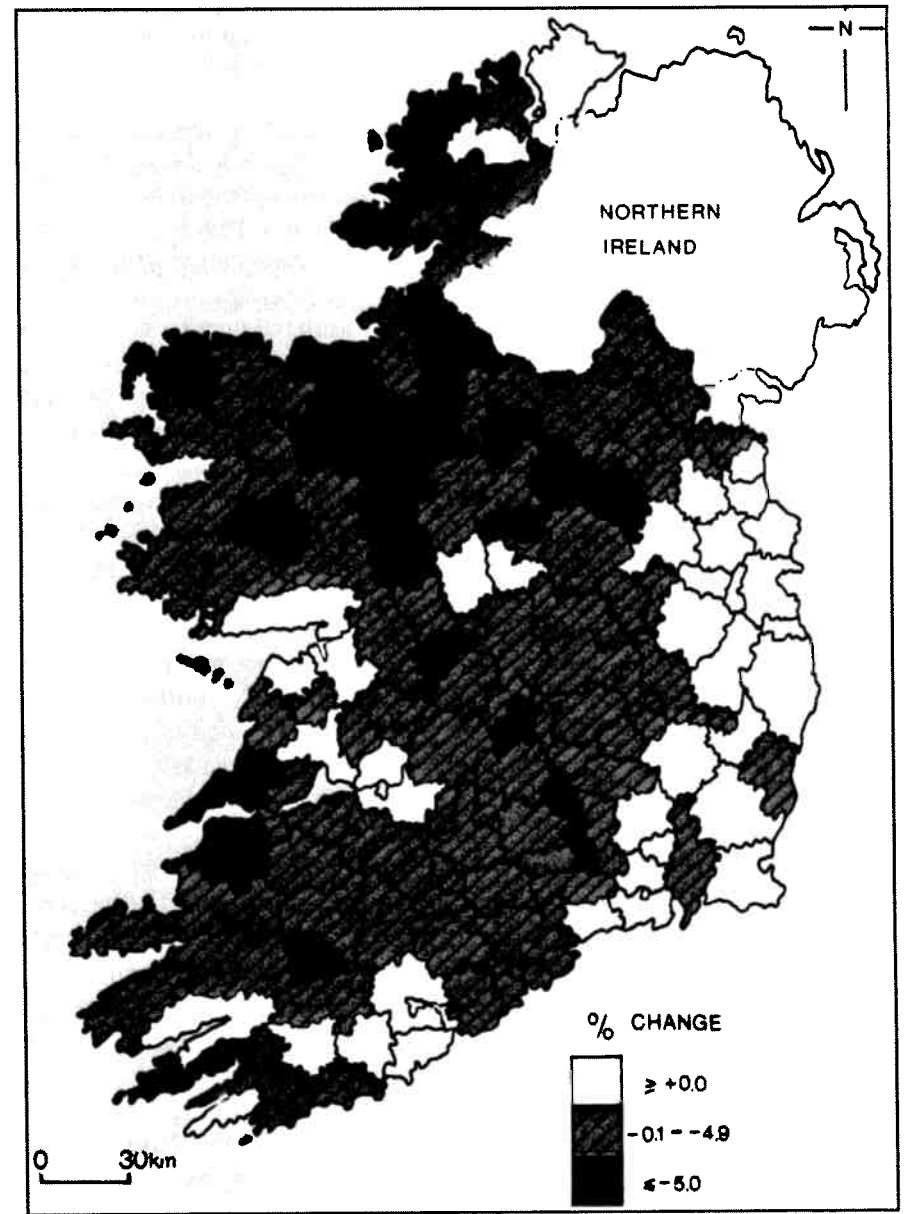


FIGURE 3.2

Rural District Population Change 1986-91 (%)



The analysis here is borne out in a recent study by Cawley (1994) which concluded that districts of less than 10,000 people, beyond the zone of influence of larger centres of population, were particularly vulnerable to population losses over the past two decades. In this regard it is noteworthy that the midlands are now exhibiting the demographic problems that have historically been associated with the West and North-West.

There are, therefore, formidable problems to be faced in achieving stability in rural population levels. High rates of out-migration among females, together with sharp falls in fertility rates (birth rates in Connacht and Ulster fell by one-quarter between the late 1970s and late 1980s) suggest that without in-migration - which is most unlikely - rural population decline on a widespread basis will continue for the rest of this decade.

Basically, the task of containing rural population levels has to be seen in the context of plans to stabilise population numbers at regional and sub-regional levels rather than by putting the focus on rural areas independently.

CHAPTER 4

STRUCTURAL CHANGE IN THE AGRICULTURAL SECTOR

1. INTRODUCTION

Demographic statistics are surface manifestations of underlying processes of economic and social change. As far as contemporary rural population movements are concerned, their deeper causes may be traced to the restructuring trends in the agricultural sector and also to the reorganisation of regional economies through, for instance, the relocation patterns of non-agricultural activities. This latter issue is taken up in the next Chapter. Here we focus on agricultural restructuring, starting from the proposition that since World War II the agricultural sectors in the advanced economies have been dramatically altered by a complex of transformative forces, and that Irish agriculture illustrates the main adjustments taking place. However, as we show later, Ireland's farming must make its adaptations to a modernised agriculture in the context of a weak rural economy.

Whereas the composition, scale and impact of agricultural restructuring show variations from one country to another the common features are unmistakable. In particular, capital-intensive technologies have progressively replaced human labour and raised productivity and production. Farm activities have come under the influence of upstream and downstream agri-industrial systems that supply an increasing range of farm inputs and create new products and processes beyond the farm gate. Standards of quality, packaging and presentation have become more demanding. Production has become concentrated in fewer and larger units as well as showing greater commodity and territorial specialisation. With the growth in the trade of agricultural products and the transferability of scientific knowledge and technical innovations, modern farming is now part of an international agri-food system. But the modern agricultural revolution has reached the point where surplus production of farm commodities is a central concern of agricultural policy and public budgetary management. In this context 'rural development' has emerged as a policy theme and is advocated as a set of measures for achieving diversification of farm production and to provide alternative sources of income for agricultural producers.

In reviewing the Irish experience we advert to several inter-related processes which constitute 'restructuring' in the agricultural sector over the past three

decades. While some preliminary data are available from the 1991 Census of Agriculture these are not always usable for comparative purposes, especially for analysing changes in landholding structures, because the more rigorous screening procedures used in that Census removed over 30,000 of the smaller units which had been included in earlier years. It has been necessary, therefore, to rely on more dated sources of information. In any event, we suggest that the main trajectory of change had already been set by the early 1980s and data for 1991 simply confirm the consolidation of the major trends in the longer-term restructuring process.

2. MAIN ELEMENTS OF AGRICULTURAL RESTRUCTURING

(i) Application of Technology

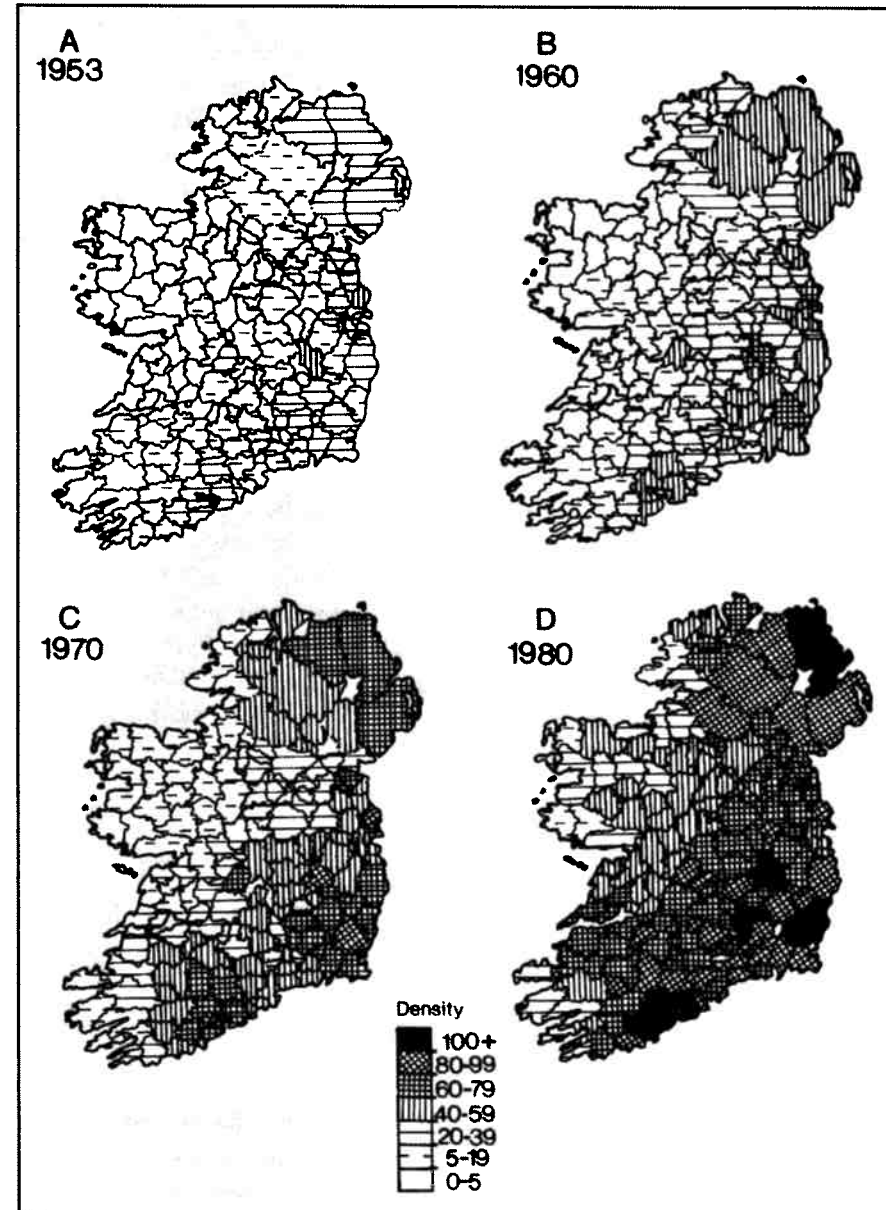
A key determinant of agricultural restructuring is technology. Machine technology has been supplemented by developments in biotechnology (in animal and plant production) and in information technology.

The ratio of tractors to agricultural holdings in Ireland increased threefold between 1960 and 1980, with investments in mechanisation surging upwards in the middle-to-late 1970s. Technology tends to be selective by scale. For example, in relation to the level of mechanisation per farm those making the bigger investments tend to be on the larger farms. In 1990 the value of machinery on the largest category of farms (over 100 ha) was seven times the national average per farm value. Direct costs on those larger farms for such items as fertiliser, crop protection and seed were over five times the average. Machinery assets in the better-off East region were about three times the value of such assets in the West.

An analysis of the adoption and diffusion of farm mechanisation in Ireland has shown that there is a clear hierarchical effect whereby the pattern has extended westwards from some key clusters of early adopters in the East and South, with the distribution of farm sizes, tillage crops and number of hired workers acting as important influences in dictating the uneven configuration of spatial trends (Walsh, 1992; Figure 4.1). In 1991 eight counties in the South-East which had one-quarter of the farms in the country accounted for almost one-third of the farm tractors in the country but they had almost one-half of all the largest tractors (over 80 h.p.) (see Table 4.6).

FIGURE 4.1

Number of Tractors per 1,000 Holdings



Source: Walsh (1992).

(ii) Factor Substitution and Rising Costs of Production

Technical progress in agriculture has a distinct bias towards saving and displacing labour (often family labour which is not paid market wages) while using machinery and other purchased inputs. A consequence of increased reliance on purchased inputs is not only that production costs rise but the farm sector is more vulnerable to those economic forces which affect the variability of costs and thus, of course, the variability of revenues. For example, in recent decades inflation and high interest rates have contributed substantially to higher production costs at farm level.

From the 1950s to the 1970s, total net expenses on Irish farms ranged between 35 to 60 per cent of the value of the gross farm output, though remaining below 50 per cent for nearly all farm size categories.

In 1992 costs accounted for over 60 per cent of output on nearly all farm-size categories, with the proportion being 67 per cent on average but as high as 76 per cent on farms of over 100 ha.

Longer-term trends in both costs and output vary by size of farm and by farming system. Generally since the 1950s the rates of increase in farm costs have been faster on the bigger farms but those trends have been offset by similar size-related changes in the values of gross farm output (Commins, 1985). The effect of these trends has been to widen the differences in farm income levels across different farm size categories, and to increase the divergence between the poorer western and the better-off eastern counties (see below under 'Income Differentiation' and 'Spatial Differentiation').

Costs on specialist dairy farms tend to be four to five times higher than those on cattle farms but dairy farms have relatively high price supports and their volume of output has increased. By contrast, many farmers on drystock farms have remained outside the high-cost, high-output spiral but their incomes have fallen progressively behind the returns obtained by dairy farmers (see also Chapter 6).

(iii) Enlargement of Scale

To obtain the advantages of technology and also to pay for its costs farmers increase the size of individual farm business. Between 1950 and 1980 there was a decline in the number of holdings below 50 acres and above 200 acres while the number between 50 and 200 acres increased. Results from the 1991 Census of Agriculture are not directly comparable with the 1980 Census because of changes in the method of enumeration. However, what is

important is that the Census report notes that the rigorous screening procedures used in 1991 removed over 30,000 of the smaller or more marginal units which were included in the coverage of the EU Farm Structures Surveys during the 1980s (Census of Agriculture - June 1991:8). The exclusion of these 'insignificant farms' had the effect of almost halving the number of farms of less than 5 ha, from 35,000 in 1987 to 19,000 in 1991.

Surface area data on farms, however, do not reveal the full extent of structural change in production. The concept of 'Economic Size Unit' (ESU) is used to illustrate trends in business scale and intensity of production. The percentages of holdings in different economic size unit categories in Ireland for selected years are shown in Table 4.1. Although the methods of compilation are not strictly comparable over the years (see above) the trend towards larger-scale units is very obvious.

TABLE 4.1

Percentage of Holdings in Economic Size Units (ESUs), Ireland

Farm Business Size (ESUs)	1975	1983	1987	1991
Small (2 or less)	42.5	29.9	34.9	26.0
Medium (2 to 8)	43.6	40.3	34.1	34.3
Large (over 8)	13.9	29.8	31.0	39.7

Source: EU Farm Structures Surveys;
The Agricultural Situation in the Community (various years);
Eurostat: Basic Statistics of the Community 1992;
Census of Agriculture 1991, Detailed Results, Table 3.

(iv) Specialisation and Concentration of Production

Traditionally, farmers have diversified production to reduce risks and income variability. Price policies have modified these risks somewhat so that in recent decades diversification in farm management has been less important than formerly. Modern commercial farming has tended to involve a reduction in the number of enterprises per farm and the concentration of production in a narrowing range of farm sizes. Thus, the number of holdings with several enterprises have declined while there has been a general increase in the average area of crops grown or livestock maintained per farm (Tables 4.2 and 4.3).

TABLE 4.2

Changes in Numbers of Holdings with Specific Enterprises and in Average Size of Enterprise per Holding

	1973	1981	1989	1991 ¹
Enterprise	Number of Holdings (000s)			
Dairy Cows	114.0	92.0	57.0	41.9
Cattle	230.0	187.0	167.0	151.4
Sheep	58.0	45.0	54.0	54.8
Pigs	35.8	10.1	2.5	2.9
Average size of herd/flock				
Dairy Cows	9.9	15.8	24.5	27.1
Cattle	28.4	30.8	35.3	45.6
Sheep	49.0	54.4	107.2	162.1
Pigs	29.0	102.0	400.2	453.8

1 The data for 1991 are influenced by the exclusion of the very small holdings from the Census count of that year.

Source: Derived from data in AFPRG (1990).
Census of Agriculture 1991, Detailed Results, Table 12.

TABLE 4.3

Percentage of Livestock and Cereals Produced on Farms Above Selected Size Levels

	1975	1985
Dairy cows on farms with >30 cows	37.9	62.4
Cattle on farms with >50 cattle	54.6	59.8
Sheep on farms with >200 sheep	31.7	50.3
Cereals on farms with >20 ha cereals	31.5	51.1

Source: Derived from data provided by Central Statistics Office.

Figures from the Teagasc National Farm Surveys indicate that the top 20 per cent of Irish farms - based on farm income - account for 40 per cent of agricultural land but produce 60 per cent of farm output.

(v) Spatial Differentiation

Agricultural restructuring, and especially specialisation and concentration, does not occur randomly across rural areas but follows a definite spatial pattern. A generation ago small-farm counties of the West and North-West, with their high content of family labour, grew tillage crops. This system of farming has all but disappeared and is replaced by a much less intensive livestock economy. Of the area farmed in Connacht in 1991 only 1.2 per cent was in crops, compared to 9 per cent in 1960. The corresponding figures in the Ulster counties were 2.9 and 15.9 per cent. In Leinster, on the other hand, the shift was only moderate, down from 20.3 to 18.1 per cent.

TABLE 4.4

Per Cent Change in Livestock Categories by Planning Region, 1960 to 1991

Planning Region	Dairy Cows ¹		Other Cows	Other Cattle	All Cattle	
	1960-80	1980-91	1980-91	1980-91	1960-80	1980-91
East	-0.9	-9.1	+61.3	-5.3	+18.7	-1.8
South-East ²	+35.0	-13.4	+71.0	+11.6	+27.6	+7.4
North-East	+45.0	-22.7	+113.2	+2.9	+51.6	+2.7
South-West	+59.4	-15.5	+135.4	+15.4	+52.3	+6.7
Mid-West	+68.7	-23.0	+111.5	+4.7	+82.6	+1.7
Midlands	+0.3	-23.7	+48.3	-11.6	+52.9	-8.1
West	-16.4	-32.2	+61.8	-11.4	+60.0	-5.6
North-West (incl. Donegal)	-42.5	-37.8	+33.2	-18.9	+23.3	-12.8
State	+28.3	-19.0	+71.7	-0.4	+45.7	+0.4

1 Includes Heifers-in-Calf.

2 All of County Tipperary was included in South-East in 1960 but only Tipperary South was included in this Region in subsequent years.

Source: Derived from Census of Agriculture (various years).

This means that tillage farming has become the preserve of Leinster counties. However, the remarkable feature of the preliminary returns from the 1991 Census of Agriculture is that cattle farming has been also in decline in the Midlands, West and North-West during the 1980s (Table 4.4).

Dairying in particular, which had been on the decline prior to 1980, continued to decrease during 1980-91. Whereas in the 1970s the decline in dairy cows was offset by increases in the numbers of 'other cattle' this did not occur during the 1980s. There were increases recorded in the number of 'other cows' but the rates of growth in their numbers in the West were exceeded in the other regions. The result was that the proportion of the State's 'other cows' in the western regions actually declined from 53 per cent to 46 per cent during the 1980s.

TABLE 4.5

Dairy Cows as a Percentage of all Dairy Cows in State and as a Percentage of all Cattle, in Respective Planning Regions, 1960 to 1991

Planning Region	Dairy Cows ¹ as % of all Dairy Cows in State			Dairy Cows ¹ as % of all Cattle in Region		
	1960	1980	1991	1960	1980	1991
East	9.0	7.0	7.8	23.9	19.9	18.5
South-East	18.4	19.3	20.7	28.2	29.9	24.1
North-East	6.8	7.7	7.4	29.6	28.3	21.3
South-West	24.6	30.6	31.9	40.4	42.3	33.5
Mid-West	13.5	17.7	16.8	35.2	32.5	24.6
Midlands	10.0	7.8	7.4	20.4	13.7	11.4
West	9.4	6.1	5.1	25.6	13.4	9.6
North-West (incl. Donegal)	8.2	3.7	2.8	30.1	14.0	10.0
State	100.0	100.0	100.0	29.6	26.1	21.1

1 Includes Heifers-in-Calf.

Source: Derived from Census of Agriculture (various years).

The outcome of these trends in terms of the spatial differentiation of agricultural production is that the three regions combined, i.e. Midlands, West and North-West, had 27.6 per cent of the country's dairy cows in 1960 but only 15.3 per cent in 1991 (Table 4.5). Thus, apart from the declining

numbers of total cattle in these regions the more lucrative system of dairy farming has decreased its representation in their livestock economy. In 1960, 20-30 per cent of their 'total cattle' were dairy cows but in 1991 this figure had fallen to approximately 10 per cent (Table 4.5).

The volume of Irish Gross Agricultural Output increased by 40 per cent between 1973 and 1989. The volume of cattle output rose by 29 per cent. Sheep numbers have also risen dramatically especially in the late 1980s, almost doubling in number between 1985 and 1989. In 1991 the national stocking rate was at an unprecedentedly high level. It seems, however, that in the counties of the West, North-West and Midlands the expansion in agricultural production was outpaced by the performance in the rest of the country.

It cannot be claimed either that the western counties increased their share of the expanding sheep numbers, rather than increasing cattle in 1980-91. In fact during this period Connacht/Ulster's percentage of the national sheep flock dropped from 46 to 39 per cent. However, as shown below (Table 4.6), the small-farm western counties have a disproportionate share of cattle and sheep farms.

The current degree of spatial polarisation of agricultural production may be summarised by dividing the 27 administrative counties into four groups according to the average size of farm business in the county, measured in economic size units, and then identifying other differentiating characteristics of these groupings. This is done in Table 4.6. In fact with very little arbitrariness in the designation of the boundaries of ESU categories it was possible to select four bands of contiguous counties extending from 'North-West' (where farm business size is smallest) to the 'South-East' (where farm businesses are largest).

TABLE 4.6

Per Cent Distribution of the State's Farms, Farm Types and Farm Mechanisation by Categories of County, 1991

Per cent of State's:	Large-farm counties ¹	Medium-to-large-farm counties ²	Medium-to-small-farm counties ³	Small-farm counties ⁴
Total farms	24.6	15.8	24.9	34.7
Total ESUs	41.0	21.2	20.5	17.3
Enterprises				
Specialist dairy farms	36.3	20.0	30.3	13.4
Specialist tillage farms	55.3	30.8	6.9	7.0
Mixed crops/livestock farms	54.2	26.0	9.1	10.7
Specialist beef farms	14.7	13.8	29.0	42.6
Specialist sheep farms	22.2	8.7	13.5	55.6
Mixed grazing livestock farms	22.5	14.5	18.5	44.5
Mechanisation				
Total farm tractors	31.1	17.7	24.8	26.4
Farm tractors over 80 h.p.	49.0	24.4	17.8	8.8

1 Over 17.0 ESUs on average in: Carlow, Dublin, Kilkenny, Wexford, Wicklow, Cork, Tipperary South, and Waterford.

2 12.0 to 16.9 ESUs on average in: Kildare, Laois, Louth, Meath, Kerry, Limerick, and Tipperary North.

3 7.0 to 11.9 ESUs on average in: Longford, Offaly, Westmeath, Clare, Cavan, and Monaghan.

4 Under 7.0 ESUs on average in: Connacht counties and Donegal.

Source: Derived from Census of Agriculture 1991.

The contrasts between these two parts of the country are quite striking. With one-third of the country's farms the small-farm counties accounted for only one-sixth of the national volume of ESUs. The large farm counties, on the

other hand, although having only one-quarter of the farms in the State had two-fifths of the country's ESUs. In the South-East average farm size in ESUs was over three times the scale in the North-West (19.4 ESUs as against 5.8 ESUs). Dairying and tillage farms are disproportionately represented in the large-farm counties, while in the small-farm counties the predominant farm types are cattle and sheep - and evidently with relatively low economic performances.

(vi) Market Incorporation

Because of its high reliance on purchased inputs and its processing and marketing needs, modern farming is increasingly integrated into the world of agri-business. This wider context has its own set of technico-economic forces which reinforce structural change at farm level. The efficiency demands and technological developments of agri-processing firms often require complementary investments by farmers themselves, e.g., where farmers must alter their system for milk storage in consequence of milk collection by bulk transporters. Consumer demands for products of a specified type and quality can have the same effect, obliging producers to invest in more modern technology or adopt more rigorous production practices.

It is in this context that we can understand some of the drastic reduction in the numbers of small (under 5,000 gallons) milk producers - from 77,000 in 1966 to 25,000 in 1986.

(vii) Income Differentiation

It is inevitable, given the structural trends outlined, that farm incomes will show increasing differentiation by farm size, system and region. The longer-term variations can be illustrated by setting the average family farm income for 1955-58 to a base of 100 and calculating the relevant index changes to the mid-80s (Table 4.7).

Most of the counties where farm incomes per male member of the family were below the national average in 1960, were also those which had below average rates of growth in incomes over the 1960s and 1970s. These were mainly the western and north-western counties (Commins, 1981).

However, as will be shown below and in Chapter 6 some of these households with low farm incomes have other sources of earnings.

TABLE 4.7

Index Changes in Family Farm Income per Farm, 1955-83
(Full-time farms except for 1955-58 and 1966-67)

Year	Farm Size (Acres)					
	5-15	15-30	30-50	50-100	100-200	200+
1955-58	100	100	100	100	100	100
1966-67	73	64	97	103	103	112
1968-69	129	131	155	171	176	177
1972	199	200	253	279	327	338
1975	293	298	429	381	477	529
1978	1124	600	815	856	893	943
1981	N.A.	664	878	817	786	850
1983	773	744	1042	1211	1288	1639

N.A.: Not available.

Source: Breen *et al* (1990:199).

(viii) Labour Decline: Current Labour Force Composition

Again, in the long-term context of a steadily deteriorating ratio of farmgate prices to input prices, incomes can be maintained provided there are fewer workers remaining on farms. Consequently, a central feature of structural change in modern agriculture is the movement of labour out of farming, although this may not always mean a movement out of the farming household, or local area. Historically, however, the outflow in Ireland has been selective, resulting in the loss of the younger 'relatives assisting' (especially women) more than established farmers. More recently, labour decline has been due to non-entry to farming rather than to a movement from a farm occupation to another job.

Between 1971 and 1981 the Irish agricultural labour force declined by 3.6 per cent per annum. The rate of decline dropped to 2.4 per cent per annum in 1981-86 and, according to Labour Force Surveys, it varied up until 1990 and then dropped substantially (4.7 per cent per annum) in 1991 and 1992. With more than 80 per cent of the total agricultural output now subject to quota restrictions stability in the agricultural labour force is not likely to be achieved in the near future (Downey and O'Brien, 1992:5).

Because of the selective nature of the movement out of farming - affecting other workers more than farmers - the composition of the agricultural workforce has changed considerably. Of the 155,000 workers in agricultural occupations in 1992, an estimated 80 per cent were farmers (Labour Force Survey 1992 figures) compared to 54 per cent in 1961.

Although Census of Population returns and Labour Force Survey data indicate the longer-term trends in the agricultural labour force they do not reveal the complete picture of the total labour input on farms at any one point in time. This is because they are based on what farm people report as their occupations and not on what time contributions they made to farmwork - irrespective of occupation. This seriously underestimates the volume of labour undertaken on farms, especially by women who, in the occupational classification (Census of Population), are not likely to report themselves as in the farm labour force but as engaged in 'home duties'.

The 1991 Census of Agriculture obtained detailed information on the time spent on farming over the previous year but comparable information is not available for earlier Censuses. The results showed that a total of 299,287 family workers and 13,442 regular non-family workers undertook some farmwork over the year. Between them these contributed 245,199 annual work units (AWUs) to farmwork. One AWU is equivalent to 1,800 hours or more per annum. It is of interest that 93,317 women contributed 65,612 AWUs, or 27 per cent of the total labour input on farms. Farmers' wives accounted for 19 per cent of the input. The more detailed statistics of the distribution of AWUs are shown in Table 4.8.

TABLE 4.8

Per Cent Contribution of Different Categories of Worker to Annual Work Units on Farms, 1991

Category	Males	Females	Total
Farmholder	53.5	4.8	58.3
Holder's spouses	2.5	19.1	21.6
Other family members	13.2	2.4	15.6
Regular non-family	4.0	0.5	4.5
	73.2	26.8	100.0
AWUs	179,587.0	65,612.0	245,199.0

Source: Derived from Census of Agriculture 1991, Detailed Results, Table 34.

It is clear that while the long-term trend is for farm labour to leave the land for other work there are still important 'informal' contributions being made to the operation of family farms by household members with other occupations or duties. These inputs may have increased with the trend towards part-time farming and livestock rearing.

(ix) Disengagement from Full-time Farming and Increasing Incidence of Multi-Income Households

Agricultural restructuring is marked by a widespread disengagement from full-time farming to part-time operation of the holding, or to a retreat into a retirement or semi-retirement capacity. Between 1960 and 1980 the numbers of landholdings in Ireland declined by 26.5 thousand (9 per cent) while the number of farmers decreased by 71.5 thousand (34 per cent). In 1960 the ratio of farmers to holdings was 72:100 but this had changed to 53:100 by 1980. Data for 1991 are not comparable with earlier years. However, returns from EU Farm Structures Surveys show that the distribution of Irish landholders according to the work-time they spend on their holdings changed between the mid-1970s and the mid-1980s (Table 4.9).

TABLE 4.9

Per Cent Distribution of Landholders by Work-Time on the Holding

Time (%)	1975	1985	1987
>50	23.6	29.9	32.1
50-100	21.9	26.1	24.4
100 +	54.4	44.0	43.4

Source: Derived from EU Structures Surveys.

It does not follow that all those working part-time on their holdings have 'other gainful activities' besides farming. A substantial minority of landholders, though allocating only a portion of their work-time to farming, do not have full-time, non-farm jobs. They may be in casual or temporary employment, or semi-retired.

For those who have other gainful activities the percentage varies with age, declining from approximately 40 per cent for those under 35 to 28 per cent for those over 65 years.

The percentage of landholders with other gainful activities is highly associated with farm size. By 1981 the great majority of landholders under 15 acres had become part-time farmers.

Dependence on occupations and incomes other than farming for a living increased at a far greater rate in Connacht and Ulster between 1960 and 1980 than in Leinster and Munster. Obviously the rapid industrial expansion of the 1960s and 1970s in the western regions facilitated the disengagement from full-time farming in those areas (Hannan and Commins, 1993:14).

Information from the 1991 Census of Agriculture shows that even with the smaller units screened out of the enumeration 26.6 per cent of farm holders and 36.5 per cent of holders' spouses have 'other gainful activity'. For landholders, the counties with the higher percentages involved in other gainful activity were (i) in the West and North-West where farm incomes are low, and (ii) in the Dublin perimeter where opportunities are greater. Counties with the lower percentages of farmholders working off the farm were generally those in the South-East and South where farms are more commercialised.

As will be discussed in more detail in Chapter 6 the gradual attrition of the demographic structure (e.g. through ageing, incomplete families, etc.) has resulted in a growing dependence on State income transfers (Old Age Pension, Smallholders' Unemployment Assistance, etc.). Taken together, the earnings from non-farm employment and the income from State transfers are now such that a declining proportion of farm households depend solely on the farm for a livelihood. However, the relative contributions of transfer payments and non-farm employment vary as between the eastern and western part of the country. Data from two regional samples of landholders in 1991 indicate this difference (Table 4.10).

TABLE 4.10

**Per Cent Distribution of Two Samples of Farm Households
by Sources of Household Income, 1991**

Source	West ¹	East ²
Farming only	12.7	25.5
Farming and non-farm work	19.2	42.7
Farming and State transfers	32.6	14.6
Farming, non-farm work and State transfers	29.2	4.3
Other	6.2	12.8

1 North-East Connacht.

2 Louth, Meath, Dublin, Kildare.
(N = 291)(N = 274).

Source: Teagasc files.

(x) Viability of the Farm Business

It is not intended here to discuss farm incomes except in so far as they relate to farm viability. There are no long-term trend data to show changes in farm viability levels but, clearly, the threshold of viability has been rising over time. The analyses of the 1992 Teagasc National Farm Survey (NFS) defined 'economic viability' for a farm as (i) its capacity to remunerate family labour at the average agricultural wage, and (ii) its capability of giving a 5 per cent return to the non-land assets. The NFS also used another variable, 'demographic viability', to classify farms, with demographically non-viable farms being defined as those where the holder was over 55 years old and there was nobody under 45 years in the household. A third variable takes account of whether or not the farm holder and/or spouse had a non-farm occupation.

By combining these three variables the authors of the 1992 NFS (Power and Roche, 1993) disaggregated the State's 160,000 family farms in very broad categories, as shown in Table 4.11.

TABLE 4.11

Viability Status of Irish Family Farms, 1992

Economic Status of Farm	Viable	Not viable	Not viable	Not viable
'Other activity' status	—	No job	No job	Has job
Demographic status	—	Not viable	Viable	Viable
Per Cent of Farms				
	31	19	31	17

Source: Power and Roche (1993:6).

According to this classification no more than one-third of farms (about 50,000 holdings) could be considered economically viable on their 1992 income levels - which were 18 per cent higher than in 1991. These farms accounted for almost two-thirds of gross output and about 70 per cent of family farm income. They had two-thirds of the national tillage acreage, 70 per cent of dairy cows and 50 per cent of all grazing livestock (Power and Roche, 1993:39).

The authors of the NFS acknowledge that farming households will remain in farming despite the notional non-viable status of their holdings. This is possible because they view their assets in a different light than is implied in the concept of economic viability (e.g. security in land holding over income earning performance), or they may have other sources of income, or simply have few options but to remain in low-income farming.

Nevertheless, the fact is that two-thirds of the farming population are on holdings which, by the definitions used, were not economically viable as operated in 1992. Of these holdings almost one half (nearly 50,000 farms) depend on State transfers or on the earnings of 'other' family members (i.e. besides the farm operator and/or spouse) to supplement their incomes from farming. On one-quarter of the non-viable farms (27,000 farms) the operator and/or spouse have/has some form of non-farm income. The remainder (on 30,000 farms) are generally old, have no obvious heirs, and depend mainly on State transfers. These are likely to cease as separate farm units in the next generation.

(xi) Land Mobility

The conventional view on agricultural modernisation is that income levels on the land can be maintained if surplus labour can move to other employment. There is an assumption in this reasoning that agricultural resources will be sufficiently 'mobile' to facilitate re-adjustments so that land/labour ratios will improve among those remaining in farming. Specifically, it is expected that farm consolidation will take place through channels of land mobility such as inheritance and land sales.

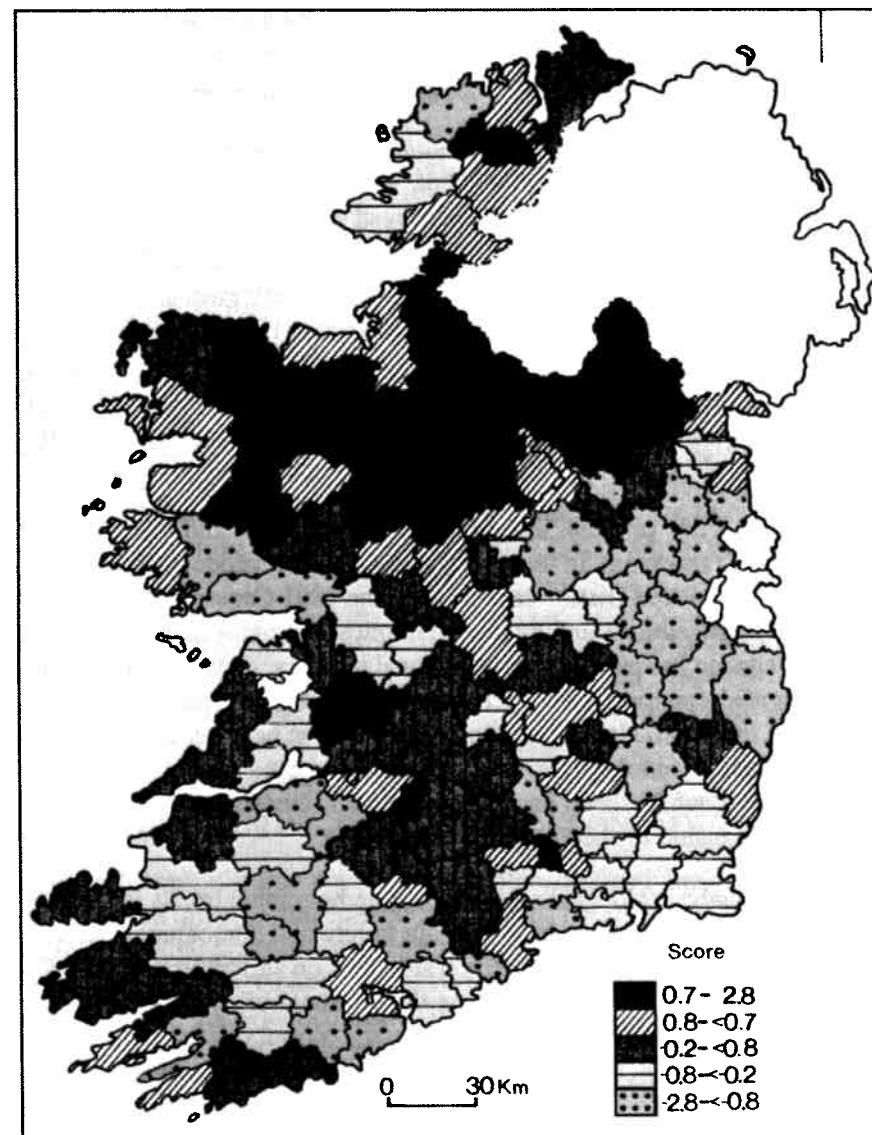
In Ireland the rates of land mobility have not been such as to achieve a degree of farm consolidation commensurate with the quite substantial changes in the structure of production and the decline of the farm labour force.

The predominance of the owner-occupancy tenure system undoubtedly has a restrictive effect. Access to land is largely through family/kinship inheritance. Consequently, the land market is comparatively limited while a system of long-term leasing common on the Continent has not evolved in Ireland (Inter Departmental Committee on Land Structure Reform, 1978:23). In relation to the system of short-term letting which has emerged here it appears that some decades ago its function was to enable smallholders to increase the amount of land they farmed. More recent surveys (e.g. from the Teagasc National Farm Survey) indicate that short-term renting seems to increase the scale of the larger farms, thereby accentuating the differentiation trends noted earlier. The 1991 Census of Agriculture shows that 60 per cent of hectares rented in are on the large-scale farms, i.e., those over 16 ESUs which account for 23 per cent of all farms.

While the overall rate of land consolidation - as measured by changes in the structure of holdings - may be relatively low, analyses by more refined areal units such as Rural Districts show that there are sub-regional variations (Hannan and Commins, 1993). The higher rates of movement tend to be in the West, North-West and North midlands, that is in those areas where agricultural activity has been relatively depleted and rural depopulation has been most pronounced (Figure. 4.2).

FIGURE 4.2

Per Cent Change on No. of Holdings (>5 acs.) 1960-1980
Standard (2) Scores by Rural District



Source: Hannan and Commins (1993)

In the late 1980s the 'productionist paradigm' of agricultural restructuring, which placed emphasis on production expansion and intensification as well as on rationalisation of farm structures, had come to be questioned. More recently the policy emphasis has shifted to the withdrawal of land from conventional agricultural production, to the promotion of alternative enterprises and the conversion of rural space into new uses such as for leisure and amenity value.

3. CONCLUSION

Over the last three decades or so there has been major restructuring within the Irish agricultural sector, under the impact of technological and economic forces. There has been considerable disengagement from full-time farming by farm operators into other gainful occupational activities, or into retirement and semi-retirement. One-fifth of producers account for 60 per cent of production; one-third of farms are economically viable in the strict commercial sense and these earn 70 per cent of family farm income.

This restructuring process has pronounced regional and sub-regional manifestations, especially in the spatial polarisation of production, although without detailed Rural District returns from the 1991 Census of Agriculture it has not been possible to analyse the full implications of the manner in which structural change has partitioned the national territory. However, even with the aggregated county data it is clear that the farming economy in major portions of the West, North-West and Midlands has been seriously eroded. The withdrawal from dairying has been followed by a failure to maintain cattle numbers, while sheep production - though increasing - did not keep pace with expansion in sheep numbers elsewhere.

Placing this analysis alongside the regional demographic trends in Chapter 3 it is possible to understand how farming failure and demographic decline are mutually reinforcing trends. With restrictions on agricultural production and the majority of farms falling below the threshold of economic viability it is clear that there are major challenges facing a rural development policy which aims to maintain the maximum number of people on farms and in rural areas.

STRUCTURAL CHANGE IN THE NON-FARM ECONOMY OF RURAL REGIONS

1. INTRODUCTION

It is clear that singular reliance on the agricultural sector is not sufficient to maintain a viable socio-economic and demographic structure in rural areas. In fact, as earlier Chapters have shown, the greater the dependency on farming, especially the relatively unproductive farming of the West, North-West and Midlands, the lower the capability of rural areas to maintain population levels.

If agriculture of itself cannot ensure rural population stability and economic viability, what has been the record of the non-farm sector in compensating for the labour decline and related demographic losses in agriculture? In a general way this question has been answered by the population statistics given in Chapter 3. The non-farm rural economy has not been sufficiently vibrant to offset the negative impacts arising from structural change in the farming sector.

Here we examine this point in more detail, reviewing the main regional trends in non-agricultural employment and unemployment. However, it seems appropriate to preface this review by some general comments on the contemporary restructuring of regional economies.

2. RESTRUCTURING IN THE SPACE ECONOMY

The problems of rural population maintenance and the issues of rural development may be understood not merely by reference to the internal features of rural areas themselves but by placing these questions in a wider context (see also Chapter 2). A useful conceptual perspective for understanding this wider context is the 'restructuring thesis'. Basically, this view holds that capitalist organisation and the global economy as a whole are currently in transition through an intense and wide-ranging series of readjustments, and that these have significant implications for patterns of uneven regional and rural development (Massey and Allen, 1988; O'Keefe, 1984; Martin, 1989).

One characteristic of restructuring, according to proponents of this thesis, is the move away from the Fordist model of mass production which has proven

to be too rigid and unadaptable in the face of changing conditions in the economic environment (e.g. computer aided production, limiting size of domestic markets, or the short life cycle of modern industrial products). Thus a distinguishing feature of the new industrial regime is flexibility - in production, technologies, labour processes, and in the capacity to move location in response to corporate needs.

A second marker of restructuring is the internationalisation of capital through the medium of the multinational firm. Global corporations search for cheaper raw materials; they locate in markets which cannot be easily penetrated by the exports of competitors, or they seek to exploit cheap labour so as to re-export to the home country (Thrift, 1988).

Thirdly, restructuring is characterised by the expansion of international producer services, especially those producing information (research and development, banking, finance, insurance, accountancy, and public relations). Underpinning these trends are developments in data processing and telecommunications.

Leaving aside for the moment the specific consequences of restructuring in the agri-business sector, there are implications for rural areas especially in peripheral regions as capital becomes more mobile in search of more profitable locations. As previously dominant industries, technologies and production methods enter a decline phase or are abandoned, the focus of new economic activities shifts across regions and areas. Internationally, western multinationals shift production to 'newly industrialising countries' and, in turn, the products of these penetrate the domestic markets of the advanced countries. Waves of de-industrialisation in older and declining (usually centre city) areas create pressures for urban renewal and, consequently, competition for scarce national resources for regional and rural development. For example, the shake-out of the older industrial enterprises in Dublin following EU entry, though it pre-dated the latest round of restructuring, has had implications for rural areas in that the loss of employment was so severe in the capital as to warrant its classification as a 'Designated Area', thus increasing the internal competition in Ireland for a limited number of jobs (Drudy and McKeown, 1991).

The increasing internationalisation of economic activities has made small open economies (like that of Ireland) more dependent on, and more vulnerable to international capital flows (Albrechts *et al*, 1989:81). On the one hand, capital may be relatively indifferent as to where production plants can be located (Urry, 1984). Thus, a large US insurance company may process claims (its 'back-office operations') in an Irish county town. On the

other hand, fierce competition by peripheral regions for mobile international capital has meant that only a minority of substantial investments announced by the Industrial Development Authority (IDA) in 1990 offered any real choice in their actual location in Ireland (McGowan, 1991). Some regions may be fortunate enough to capture clusters of new employments or technologies. For example, Galway and the Limerick-Shannon area have had growth in strategic sectors such as electronics, as well as significant numbers in producer services (Walsh, 1991:4). Also, the modest growth in the numbers at work nationally in 1987-89 was due in large part to expansion in the commerce, finance, banking and insurance services in the East region.

More recently, however, the 'down-sizing' and relocation of the Digital operation out of Galway pointedly illustrates the processes of restructuring. Restructuring renders industrial firms prone to rationalisation, acquisition and asset stripping (Marsden *et al*, 1990:8), as global corporations seek to organise their subsidiary operations so as to maximise overall profit. Rural areas relying on branch-plant imported enterprises become very vulnerable to macroeconomic trends, business cycles and global competition. Even if surviving the risk of closure their basis in external investment means an outflow of profits from the regions.

The imperatives of restructuring impact on the agricultural economy, firstly, through the agribusiness sector and, secondly, through changes in the conditions of production at farm level (see Chapter 4). Processing companies have increased economic scale and geographic range. Small farmer-owned co-operatives have been drastically reduced in number and replaced by much larger integrated organisations, some having made acquisitions in the EU and US. Significantly, overall employment in the food and drink industrial sector declined during the 1970s and 1980s.

As a final remark under this heading, the restructuring thesis views the processes of economic and spatial re-organisation as encompassing not just patterns of production; they also include changes of approach in State intervention. This is manifested in a move away from Keynesian collectivism and towards a reliance on the market, on 'deregulation', on 'privatisation', on rationalisation of State-sponsored industries, and on cut-backs in public services.

3. TRENDS IN FARM AND NON-FARM EMPLOYMENT

The impact of global events in the Irish employment situation was directly transmitted through the effects of the world-wide recession in the late 1970s and early 1980s. There is a clear contrast between the 1970s and 1980s in Irish national and regional employment trends.

During 1971-81 the total number of people 'at work' in the State increased by 88,300 (8.0 per cent), of which 53,600 were accounted for by a rise in the numbers of females at work (Census of Population 1981, Vol 4:IX). This increase took place despite a drop of 84,500 persons in agriculture, forestry and fishing. Numbers employed in the Insurance, Finance and Business Services increased by almost 75 per cent in the ten years 1971-81. Large increases were also recorded in Professional Services (49 per cent) and in Public Administration and Defence (42 per cent).

Despite these general improvements it should also be noted that increases took place in the numbers of unemployed (75 per cent) and in the numbers looking for their first job (80 per cent). Between 1981 and 1986, however, the national workforce fell by 46,500 (4 per cent), 25,000 of whom were in non-farm employment. Yet, service employment, especially in marketed services, continued to rise. A moderate recovery was attained in 1987-92 with employment in agriculture, forestry and fishing falling by 10,600 and employment in the other sectors rising by 62,300.

The regional performances for the different periods are given in Table 5.1. The 1987-92 figures are taken from Labour Force Surveys which involve a degree of estimation especially at regional level.

TABLE 5.1

Per Cent Change in Numbers at Work by Region, 1981-86 and 1987-92

	1981-86		1987-92	
	Agriculture ¹	Non-Agric	Agriculture ¹	Non-Agric
East	-8.3	-4.0	-0.8	+10.0
(Dublin)	(-10.2)	(-5.7)	(+48.0)	(+8.7)
(Rest of East)	(-7.8)	(+4.1)	(-17.3)	(+15.2)
South-East	-8.7	-1.7	-4.0	+2.1
North-East	-14.9	-3.9	-6.8	+0.6
South-West	-9.1	-4.5	-6.2	+4.8
Mid-West	-10.0	-0.6	-10.4	+7.5
Midlands	-12.3	-1.8	-16.1	-0.7
West	-13.3	+3.4	-11.5	+4.5
North-West/Donegal	-18.6	+3.0	+11.9	+10.9
State	-11.4	-2.6	-6.4	+6.8

1 Includes forestry and fishing.

Source: Census of Population 1981, Vol 4, Table 9A; Census 86, 2nd Series, Table 9 and 10; Labour Force Survey 1987, Table 10; Labour Force Survey 1992, Table 14.

Growth rates for non-agricultural employment in 1987-92 were highest in the East, especially outside Dublin, and also in the North-West and Mid-West, with moderate growth in the South-West and West. The serious problems of the Midlands are illustrated by the high rate of decline in agriculture and the failure of the other sectors to show an increase.

The distribution of this recent non-agricultural employment growth by region and the contribution of each broad sector to employment change in each region are shown in Table 5.2. A highly disproportionate share of the overall employment growth, particularly in the services sector - and to a lesser extent in the industrial sector - has accrued to the East and South-West Regions. These, of course, have the two largest urban concentrations in the country. Although the data are highly aggregative, they do suggest that those regions lacking an urban base, or concentrations of economic activity, have had

difficulty in creating or attracting new employment opportunities in the country's slow emergence from the recession of the early 1980s.

TABLE 5.2

Changes in the Numbers at Work¹ by Region
and by Sector, 1987-92
(000s)²

Region	Total Change ¹	Sector		
		Industry	Services	Building
East	+40.7	+6.8	+32.8	+1.1
South-East	+2.0	+0.4	+2.0	-0.4
North-East	+0.1	+1.0	-1.8	+0.9
South-West	+5.9	+3.5	+1.5	+0.9
Mid-West	+5.6	+1.1	+4.5	neg ³
Midlands	-0.2	-0.7	+0.4	+0.1
West	+3.2	+1.9	+0.9	+0.4
North-West/Donegal	+4.7	+1.5	+3.7	-0.5
State	+62.0	+15.2	+44.0	+ 2.5

1 Agriculture, forestry and fishing excluded.

2 Figures do not add up exactly due to rounding and estimation.

3 Negligible.

Source: Derived from Labour Force Surveys.

The discussion up to this point has been confined to the gross trends for Planning Regions, i.e., ignoring any distinctive trends for rural areas. In fact, census employment data are not compiled for aggregate rural areas but are assembled for Rural Districts. However, the latest available RD information on numbers at work relates to the 1986 census year. Changes in the numbers at work in RDs in 1981-86, grouped by Planning Region, are shown in Table 5.3. Distinctions are made between the two broad categories: the agricultural (including forestry and fishing) and non-agricultural sectors.

TABLE 5.3

Changes in Numbers at Work 1981-86, for Rural Districts in
Planning Regions

Planning Region	Agriculture ¹	Non-Agric.	Total	Replacement Rate ²
East	-1121	+3935	+2814	3.51
South-East	-2375	+1764	-611	0.74
North-East	-2180	+38	-2142	0.02
South-West	-3066	+1967	-1099	0.64
Mid-West	-2275	+2854	+579	1.25
Midlands	-2982	-995	-3977	-0.33
West	-4022	+325	-3697	0.08
North-West	-1887	+48	-1839	0.03
Donegal	-1298	+1453	+155	1.13
Total	-21,206	+11,389	-9817	0.54

1 Includes forestry and fishing.

2 'Agriculture' divided by 'non-agriculture', a measure of the extent to which losses in agriculture are offset by growth in non-agricultural occupations.

Source: Derived from Census of Population.

Nationally, in the RDs only about half the jobs lost in agriculture (through out-migration, retirement or death) were replaced by non-farm jobs. The replacement rate varied widely with the East, Mid-West and Donegal having gains in non-agricultural employment which more than compensated for the decline in agricultural jobs. The Midlands, North-East, North-West and West had the lowest replacement rates, with the Midlands having declines in both agricultural and non-agricultural sectors.

Another illustration of the pervasiveness and protracted nature of the recession is provided by the record of job losses and gains in IDA supported enterprises during the 1980s (Table 5.4). Job gains were generally cancelled out by job losses during 1982-87 while the opposite was true for 1988-90. The more recent trends show small declines or little gain.

4. UNEMPLOYMENT

According to Labour Force Surveys regional unemployment rates remain high between 1987 and 1992 despite the modest rise in the numbers at work in the late 1980s onwards. It must be remembered that this was also a period of high emigration. Moreover, the numbers of students increased in the years 1987-92. Both of these latter factors concealed the real nature of high unemployment.

5. SPATIAL VARIATIONS IN NEW FIRM FORMATION IN THE 1980s

A recently completed study (Hart and Gudgin, 1994:367-380) on spatial variations in the establishment of new firms in Ireland found that the characteristics of local areas and regions play a significant role in the capacity of an area to create new forms of economic activity. Using data from the VAT register for 1987-89 the authors show that there was a distinct spatial pattern to new registrations with just under one-half occurring in the 'Dublin District', i.e., counties of Dublin, Kildare, Meath, and Wicklow, together with adjacent parts of Louth, Westmeath, and Offaly (as designated for VAT purposes). To facilitate comparison between VAT districts of different sizes, new firm *formation rates* were calculated as the ratio of new VAT registrations to the total number of employees in a VAT district, as of 1981. The analysis showed that the highest formation rates were concentrated in the East, South-East, South-West, and Mid-West Planning Regions, i.e. in the most urbanised areas of the country.

These results pertain to *all* types of businesses. However, these authors undertook a similar analysis for the period 1980-90 but confined to indigenous *manufacturing* enterprises and based on IDA data sources for counties. This showed a contrasting geographical pattern to that found in the case of all business establishments. Dublin, Kildare, Meath and Wicklow accounted for only one-third of new manufacturing firms. With some minor exceptions the highest rates of new firm formation (per 1,000 manufacturing employees) were in the most rural and least industrialised regions of the country.

The authors contend that, despite the differences in time periods and in the area statistical units used, the findings reveal significant factors influencing the potential for future economic prosperity in the different regions. This is especially so when (as the authors estimate) over 90 per cent of all new business formations are in the non-manufacturing sectors, most likely in

private sectors. Thus, a disproportionate share of new business establishments go to the most urbanised regions.

TABLE 5.4

Balance of Gains and Losses of Jobs in IDA supported Enterprises, 1977-1993

Year	East	S.East	N.East	S.West	M.West	M'lands	West	N.West	Donegal	State
1977	-753	772	307	-153	1700	1243	875	55	-63	3983
1978	-69	1065	393	551	-215	749	1619	487	363	4943
1979	582	1159	486	970	1182	811	1155	209	161	6715
1980	2175	2236	1176	155	284	1636	813	429	397	9301
1981	-3472	-626	-679	-416	97	-332	-273	-147	-396	-6244
1982	-3365	-450	-527	-1422	142	152	26	-610	207	-5847
1983	-7461	-579	-833	-1749	361	-672	-188	-19	81	-11059
1984	-4163	-759	-669	-1499	189	-568	-265	-247	-173	-8154
1985	-2654	-1477	-893	-861	-886	-25	-3	311	164	-6324
1986	-2699	629	-386	-11	102	-564	105	-219	16	-3027
1987	-2333	-1082	-328	-467	90	-302	-323	3	-51	-4793
1988	296	290	334	-153	427	107	382	86	537	2306
1989	1190	913	861	882	513	284	520	33	741	5937
1990	1654	611	103	1133	-654	308	459	54	642	4310
1991	-216	-182	-49	98	-214	-181	157	289	-382	-680
1992	-720	-272	78	-35	301	-56	-14	-131	453	-396
1993	1102	-514	3	787	-199	-56	-498	61	-217	469

Source: Data supplied courtesy of IDA.

6. CONCLUSION

This Chapter has sought to place the development problems of rural areas in Ireland within the wider macroeconomic context of the restructuring of advanced economies. The over-riding issue for Ireland is that of providing sufficient employment for an expanding labour force in conditions of international competitiveness which dictate labour shedding measures.

RURAL INCOMES AND INCOME STRATEGIES¹

1. INTRODUCTION

This Chapter draws together information on incomes in Irish rural areas, though the data available refer mostly to farm incomes. The main data sources used are the Household Budget Surveys (HBS) of the Central Statistics Office for 1973, 1980 and 1987, and the annual National Farm Survey conducted by Teagasc. Household income as defined in the HBS includes all money receipts of a recurrent nature which accrue to the household regularly at annual or more frequent intervals, together with the value of any free goods and services regularly received by household members, as well as the retail value of own farm or garden produce consumed by the household. Thus 'Gross Household Income' excludes certain receipts which are generally of an irregular or non-recurring type, e.g. income from the sale of assets, withdrawals from savings, loans obtained, loan repayments received, and maturing insurance policies.

However, there are obvious problems in relying on income data for any one year. Earnings from certain employments - and especially self-employment like farming - can show year-to-year fluctuations. Nevertheless, the HBS data will serve our present purpose of showing the general trends over time but more particularly the wide variation that exists among different types of household in rural areas and regions. In particular, the HBS is informative in showing the shifting components of household income over time especially on farms. The HBS makes a distinction between 'rural farm' and 'rural non-farm' households and this is a useful classification in the present context.

The National Farm Survey (NFS), like the HBS, is carried out on a nationally representative sample but the focus is on 'farms', not households. Teagasc undertakes the NFS in fulfilment of Ireland's obligations to the EU's statistical requirements and the data collection system conforms to EU specifications. Detailed information is obtained on the farm business especially on the 'family farm income' on selected farms but no information is collected on the amounts of income received from other sources. The current series of NFS studies have been carried out on the same farms since

¹ Parts of this chapter draw freely from a study by Markey and Phelan in Moss *et al* (1991).

For rural areas the problem is exacerbated by several factors: the continuing erosion of production agriculture as an employer of labour; the strong tendency for food processing and agri-business to rationalise operations and reduce numbers employed; the limited ability of rural areas to capture a greater share of the more expansionary sectors of non-farm employment, viz., the marketed services; and the difficulty of replicating the 1970s model of dispersed industrial development in the current international climate of mobile investment.

This set of circumstances requires that all available options to exploit indigenous resources be identified and considered. It also suggests that planning for the development of rural areas has to be undertaken in such a way that recognises the increasing dependency of the rural population on the economic vitality of provincial urban centres. This is especially so where farm households depend heavily on non-farm earnings. This dependence can be seen in more detail in Chapter 6.

1984, except that some changes had to be made in the panel each year due to fall-out and replacements. This series largely overcomes the problem of relying solely on the data based on a single year.

2. HOUSEHOLD INCOMES

In this section the main concern is with the analysis of farm household incomes although some incidental comparisons are made with urban households. The issue of farm and non-farm comparisons is based on employment status (self-employed, employee, etc.) and specifically taken up in a later section.

(i) Trends and Comparisons in Gross Household Income (GHI)

Gross Household Income (GHI) comprises three main components: income from farming, other direct income, and State transfer payments. 'Disposable Income' (DI) is that part of GHI which remains after direct taxation (income tax and social insurance) is deducted.

According to the HBS reports GHI increased to a greater extent in rural areas than in urban areas between 1973 and 1987 (Table 6.1). The rates of increase were roughly the same for both the farm households and the rural non-farm households. Despite these improvements, however, the 1987 GHI in rural areas was still about 16 per cent below the corresponding level in urban areas. Between 1980 and 1987 the gap between rural farm and rural non-farm households widened in favour of the farming community. However, this comparison is influenced by three factors: (a) the comparatively low level of farm incomes in 1980 (see Figure 6.1) whereas 1987 represents a good summary of farming performance for the 1986-90 period (Markey and Phelan, 1991:6); (b) the growing contribution of non-farm earnings to farm households, and (c) the fact that over time the smaller, low-income holdings are being eliminated from the farming sector proper and there is a greater preponderance of larger, higher income holdings.

FIGURE 6.1

Real Family Farm Income per Capita, 1970 to 1990.

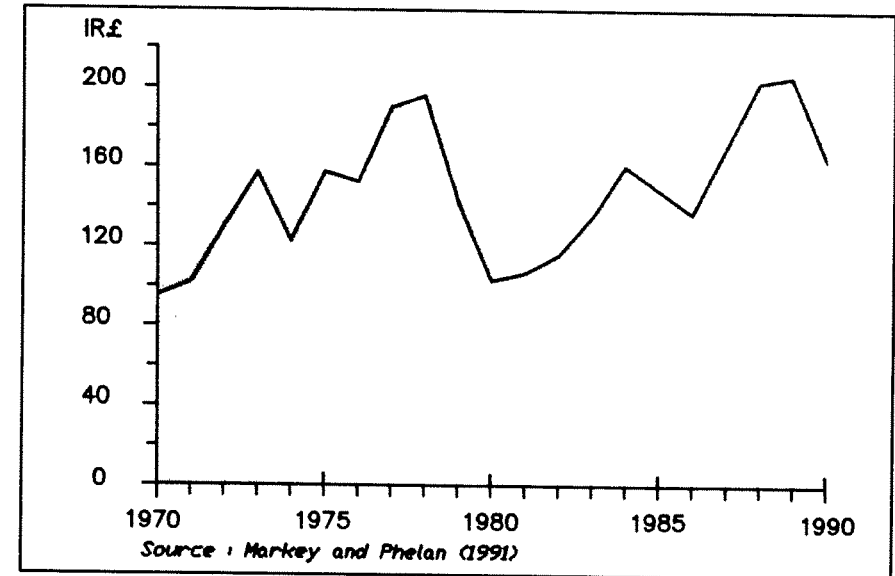


TABLE 6.1

Changes in Real Gross Household Income by Type of Household (£/week; base year = 1987)

Year	Rural Farm	Rural Non-Farm	All Rural	Urban	State
1973	208.88	—	191.34	223.81	209.72
1980	204.20	206.08	205.34	263.15	239.77
1987	242.64	211.57	220.57	263.97	247.83
1987 GHI as % of State	97.9	85.2	89.0	106.5	100.0

Source: Derived from Household Budget Surveys.

Information is not available on regional trends in the GHI of *rural* households but the data on GHI for *all* households within the regions are given in Table 6.2. This shows that inter-regional differences narrowed somewhat between 1973 and 1987, with the low income regions of 1973 (Mid-West, West, Donegal/North-West, and Midlands) having comparatively high rates of increase in average GHI. Nevertheless, Donegal/North-West and the

Midlands, together with the North-East, had GHI well below the national average in 1987. GHI in the West was also below the national average as was the South-East, which showed least growth during 1973-87.

TABLE 6.2

Changes in Real Gross Household Income (£/week; Base year 1987=100) by Planning Region 1973-87, and Regional Ratios to State Average, 1973 and 1987

				Per cent of State	
	1973	1987	% Change	1973	1987
East	242.94	281.05	+15.7	115.8	113.4
South-East	220.33	226.94	+ 3.0	105.1	91.6
North-East	201.40	215.39	+6.9	96.0	86.9
South-West	211.02	246.04	+16.6	100.6	99.3
Mid-West	194.65	247.86	+27.3	92.8	100.0
Midlands	163.05	199.98	+22.6	77.7	80.7
West	177.33	223.79	+26.2	84.69	0.3
Donegal/North-West	140.20	194.14	+38.4	66.8	78.3
State	209.73	247.83	+18.2	100.0	100.0

Source: Derived from Household Budget Survey 1973, and 1987.

(ii) Trends and Comparisons in Disposable Income (DI)

While the absolute levels of GHI (taken as an average) in farming households were lower than for urban households in 1987 the level of Disposable Income (DI) was higher in the farm sector. However, this applied only to farms over 50 acres. The main reason for the improvement in the status of the farm households in the comparison was the operation of the taxation system. Farm households on more than 100 acres had already a higher GHI than in urban households; they merely improved their relative position further as regards Disposable Income. This can be seen by taking the urban figures for various income components as reference points and relating the corresponding figures for other groups to this base (Table 6.3).

Taking farm households in aggregate, their DI was about 108 per cent of that of urban households, whereas their GHI was 92 per cent of the urban figure. Taxation on farm households was about one-third of that paid by urban households; farming households paid 8 per cent of the GHI in direct taxation as compared to 22 per cent of GHI on the part of urban households. Table 6.3 shows that Direct Income in rural households - in aggregate - was 78 per cent of that in urban households, but with relatively greater State transfers and lower taxation levels the DI in the rural areas came to 92 per cent of the DI in urban areas.

TABLE 6.3

Income Components for Farm Households and for All Rural Households as Percentage of Corresponding Urban Figures, 1987

Income Component	Farm Households (Acres)				All Rural Households
	<30	30-50	50-100	100+	
Direct Income	46.0	61.4	95.5	161.5	78.4
State Transfers	164.0	105.2	82.2	69.4	110.8
Gross H'hold income	64.7	68.4	93.4	146.8	83.6
Direct Taxation	25.9	26.9	28.6	53.0	53.0
Disposable Income	75.4	79.8	111.1	172.6	91.9

Source: Derived from Household Budget Survey 1987.

A striking feature of Table 6.3 is the wide differences among farm households in the various income components and the role of State transfer payments in contributing to household income on smaller farms. Direct Income on the very small farms was only about 28 per cent of that on the largest farm category but higher State transfer payments narrowed the gap in GHI, raising it to 44 per cent of the GHI on the largest farms. Taxation, however, made little difference to the disposable income relativities between households on different-sized farms.

(iii) Change in the Income Components of Farm Households

One of the more remarkable characteristics of farm household incomes in recent years is the extent to which such households have reduced their dependency on the farm as a means of livelihood. In 1973 farming provided,

on average, 62 per cent of their GHI but by 1987 the corresponding proportion had fallen to 49 per cent. It has also to be borne in mind that in the meantime many farm households had left farming altogether and so would not be classified as being in the farm sector even though they might still own land. On the farms under 50 acres farm income represented only a minor proportion of the total GHI (31 per cent on holdings of 30-50 acres and 15 per cent on the under-30 acre holdings).

TABLE 6.4

Changing Composition of Real Incomes in Farm Households, 1980 to 1987

	<30	30-50	50-100	100+
Farm Income				
Change in real terms (%)	-41.1	-27.3	+3.8	+37.3
% of GHI in 1980	31.7	42.0	57.3	67.5
% of GHI in 1987	15.2	30.5	53.6	70.0
Off-Farm Income				
Change in real terms (%)	+89.2	+6.6	+13.0	+48.8
% of GHI in 1980	22.6	30.8	22.1	13.0
% of GHI in 1987	35.0	32.8	22.6	14.6
State Transfers				
Change in real terms (%)	+34.5	+39.5	+53.9	+49.0
% of GHI in 1980	36.7	17.6	10.1	6.7
% of GHI in 1987	40.3	24.5	14.0	7.5

Source: Derived from Household Budget Survey 1980, and 1987.

The shifting composition of GHI in farm households is best represented in the 1980-87 period when real farm incomes rose significantly, on average, from £106 to £119 per week, or by 12 per cent. There were sharp contrasts, however, between the trends on the bigger and the smaller farms (Table 6.4). The real income from farming dropped by 41 per cent on the under-30 acre farms and by 27 per cent on the farms between 30 and 50 acres. It increased moderately on the 50-100 acre farms but rose substantially by 37 per cent on the holdings of over 100 acres. Thus the contribution of farm income to GHI fell on the small farms and rose on the largest holdings.

To an extent, the loss of income from the farm on the small holdings was offset by earnings from non-farm employment but, somewhat surprisingly, the rate of growth of non-farm income was not as great on the medium-sized holdings (30 - 100 acs). Nevertheless, as of 1987, non-farm earnings accounted for about 23 to 33 per cent of GHI on these medium sized holdings compared to 35 per cent on the smallest size category (Table 6.4).

In 1987 State transfers were about two-and-a-half times the value of farm earnings on the under 30 acre holdings. There is no clear-cut pattern in the way in which the various sub-components of State transfers have increased their representation across the farm size groups. Children's Allowances rose highest in value on the smaller holdings and Unemployment Benefit or Unemployment Assistance payments increased faster in real value on the larger holdings. This suggests that even within acreage size categories farm households vary in terms of household composition - a point to which we return below.

The absolute contribution of different sources of income across the different levels of GHI shows a distinct and interesting pattern. Figure 6.2 shows that as farm income increased so did the absolute amount of other direct income. The top 30 per cent of farm households had gross household incomes which were almost seven times greater than that of the bottom 30 per cent (Phelan and Markey, 1991:183). A significant factor in influencing this difference was 'other direct income', especially non-farm earnings. Such income represented just over one-third of GHI in these top income farming households, compared to 7 per cent in the low income households. This characteristic of high income farm households is related to the larger size of family on the farms and the presence of family earners in the household.

Size of farm has a major influence on the absolute levels of farm income; the *earnings from the farm* on the over 100 acre holdings being more than 10 times the farm income on holdings of less than 30 acres. However, *total GHI* on the largest category of farms was only just over twice the GHI on the smallest category. Related to this is the fact that farm households in the same acreage category are to be found across the range of GHI levels. Thus, 17 per cent of the farm households below 30 acres and 16 per cent of those in the 30-50 acre category were classified in the fourth quartile of GHI. The full distribution of farm households in different acreage groups by GHI quartiles is given in Table 6.6.

TABLE 6.6

Per Cent Distribution of Farm Households on Farms of Different Size by Gross Household Income Quartiles 1987 (£/week)

Acreage Farmed	Quartiles				Total
	First (<£95.85)	Second (-£168.48)	Third (-£295.07)	Fourth (>£295.02)	
<30	40	22	21	17	100
30-49	31	28	25	16	100
50-99	15	29	24	32	100
100 and over	8	14	24	54	100

Source: Derived from Household Budget Survey 1987, Vol 2, Table 30.

Regionally, four of the Planning Regions, the East, South-East, South-West and Mid-West had over 30 per cent of farm households with GHI in the fourth quartile. This corresponds to the geographical partitioning of Irish agriculture discussed in Chapter 4.

While the acreage farmed undoubtedly influences the GHI quartile location of farm households the other critical factor is the size and composition of the household. First, the average age of heads of farming households declined gradually from 57.4 years for the first quartile to 52.7 for the fourth quartile. Second, within acreage size groups, household size increases quite consistently with quartile position (Table 6.7). Thus, for example, the 38 per cent of the under-30 acre farm households which had GHI in the third and fourth quartiles had an average household size of over 5 persons.

TABLE 6.7

Size of Farm Household and Dependence on State Transfers in Farm Households, by Gross Household Income Quartiles and Acreage Farmed, 1987

Farm Size	Quartiles				Total
	First	Second	Third	Fourth	
	Average Household Size				
Under 30 acs	1.473	3.282	5.078	5.679	3.353
30-50	2.869	2.586	3.981	5.651	3.503
50-100	3.055	3.038	4.146	5.391	4.065
Over 100 acs	3.096	3.119	4.428	5.338	4.622
	State Transfers as % of Gross Household Income				
Under 30 acs	68.0	68.2	39.7	20.8	40.3
30-50	43.2	39.6	22.9	11.7	24.5
50-100	40.4	20.4	18.1	9.2	14.0
Over 100 acs	8.1	15.0	15.9	5.6	7.5

Source: Derived from Household Budget Survey 1987, Vol 2, Table 30.

The large households tend to have more than one person at work, a factor which accounts for their being in the third and fourth quartiles as regards GHI, even if their farms are relatively small. Information on this point is not specifically available for quartiles but data are compiled in the HBS reports for deciles. These show that while one-third of all farm households have two or more persons at work the proportion rises from 50 per cent to 74 per cent for the 7th to the 10th decile.

Clearly, therefore, farm size and farm income cannot be taken invariably as reliable guides to the absolute levels of total household income on farms. Similarly, although the degree of dependency by farm households on State transfer payments varies by farm size, there are major differences within each farm size, category (Table 6.7). On the 40 per cent of small farms (under 30 acres) and falling into the first quartile of GHI (below £96 per week in 1987)

State transfers contributed 68 per cent of household income. By contrast the 17 per cent of small farms in the fourth quartile of GHI obtained only 21 per cent of this income from State transfers (Tables 6.6 and 6.7).

3. STRATEGIC RESPONSES BY FARM HOUSEHOLDS

So far we have emphasised the high degree of heterogeneity among farming households in the matter of household income components and household composition. In Chapter 4 the focus was placed on the sectoral or more structural changes occurring at the macro-level in the agricultural economy. We suggest here that the connection between macro-level trends and the adjustments made by individual households at farm level may be interpreted in terms of 'household survival strategies'. In other words, farming households will formulate and pursue different responses for maintaining household income, depending on: (i) the family farm (its resource base etc.); (ii) household circumstances (e.g. stage of family cycle); and (iii) the capacity to deal with external opportunities and constraints as these are dictated by the macro environment. Thus, some farm households will seek to 'professionalise' or 'commercialise' their farming business; some will take up non-farm work, while others still will retreat into semi-retirement and almost complete dependence on State income transfers.

At this point data are drawn from a 1991 Teagasc study on two samples of farming households. One was based on 274 households in counties Louth, Meath, Dublin, Kildare and Wicklow, the other on 291 households in contiguous Rural Districts in Counties Galway, Mayo and Roscommon. In each of the selected samples farm households were classified according to the nature and extent of the dependence of the household on the farm, although absolute income levels differed between the two areas (see Table 4.10). The reasoning here is that different sets of structural and behavioural characteristics will typify the diverse ways in which households relate to (depend on) the farm as a source of livelihood.

(i) Five Patterns of Response by Farm Households

Five groups were distinguished in each of the two study areas as follows:

Group	Description
1	High dependence on farm income, i.e. with more than two-thirds of household income derived from the farm. Also, <i>high</i> absolute levels of total household income.
2	As above but with <i>low</i> absolute levels of total household income.
3	Medium-dependence on farm income, i.e. between one-third and two-thirds of household income coming from the farm
4	Low dependence on farm income, i.e. less than one-third of household income derived from the farm, but also low dependence on State transfers, accounting for less than one-half of household income
5	Low dependence on farm income, i.e., the farm contributing less than one-third of household income, with high dependence on State transfers, accounting for over half of household income.

The partitioning of the relevant populations by these groupings is shown in Table 6.8. The main regional differences to be noted concern the contrasting balances between Group 1 (low incidence in the West) and Group 5 (low incidence in the East).

TABLE 6.8
Per Cent of Population in Five Designated Household Groups, 1991

	G1	G2	G3	G4	G5	Total
Study Area						
'West'	10.7	11.7	26.1	30.2	21.3	100.0
'East'	30.3	10.6	20.4	29.6	9.1	100.0

Source: Commins (1992a). In the following discussion the principal distinguishing features of each of these Groups are summarised in terms of how they compare *within* study areas.

Group 1 - 'Commercialising Farmers'

Compared to other Groups, Group 1 farms are larger, both as regards area and economic size units (ESUs). They also rent the largest areas of land. They score highly on modern productionist management principles, e.g., information-seeking behaviour, use of modern farm management practices and intensity of production - as measured by fertiliser applications per hectare and high levels of mechanisation.

More significantly, this Group has the highest proportion reporting increased inputs per unit area during 1987-91 although the majority made 'no change' in this regard. Proportionately more of this Group also made 'medium to high' levels of investment in farm-related assets during 1987-91. In this sense a majority would be regarded as 'professionalising'. Together with Group 4 (in the West) and Group 3 (in the East) they had a high percentage with loans outstanding. While a majority of all Groups indicated that, since 1987, income from the sale of farm produce had been static or contracting as a percentage of total household income the proportion of households reporting expansion was highest in Group 1 in the West - but not in the East where expansion was more evident in Group 3.

The most common enterprises on Group 1 farms were dairying, drystock and tillage in the East; and sheep, dairying and drystock in the West.

Households in the Group were mostly in the mid-stage of the family life cycle but on this score they did not differ appreciably from Groups 3 and 4. They had comparatively high levels of living (as measured by the presence of household facilities and amenities) and in the West, at least, were optimistic about their economic situation over the coming years. Such optimism, however, was not so prevalent in the East which may reflect the greater degree of apprehension at the time of the study about proposed CAP policy reforms on the more commercialised farms. Similarly, among those over 55 years confidence that a successor would take over the farm was high among this Group in the West, although there was a strong expectation that the heir would have to farm on a part-time basis, because of the limited size of holding and the expectations of younger people.

Group 2 - 'Static Low-Income Producers'

Those depending mainly on low absolute farm incomes were primarily full-time farms like Group 1, but they shared several characteristics with those in Group 5 - those disengaging from farming.

They were older than average, with low levels of education and of vocational training. Their household size was also lower than the area average. In the West both this Group and Group 5 households had high percentages of single persons over 45 years. In the East, however, only Group 2 had unmarried persons; Group 5 had a high proportion of households with older couples without children. Groups 2 and 5 were similar in having the lowest levels of household income and levels of living.

Unlike Group 5 households, those in Group 2 did not have a high incidence of State transfers - pensions or Smallholder Unemployment Assistance. Their ages (old but not of pension age), household composition and larger size of farm precluded them from obtaining transfers but it is likely that they will eventually regress to Group 5 status.

In relation to their farming pattern Group 2 households had moderately sized holdings but renting land was not common. They had average or below average ratings on information seeking behaviour, farm management, fertiliser usage, and mechanisation. They had above average reductions in the amount of inputs used per unit area during 1987-91, and in this regard, again, they were similar to Group 5. Their level of farm investment was low, as was their scale of outstanding loans and their degree of intention to embark on investment in the future. Most could be described as 'static' in their orientation to farming.

Whereas dairying featured in the farming systems of Group 1 those households in Group 2 in the West relied on cattle to a considerable extent and, secondarily, on sheep. In the East cattle and tillage were their main enterprises. Understandably, then, the most important (voluntary) policy measures according to these farmers were the various livestock compensatory payments. In the West these are significant for all farmers (see later sections in this Chapter) and while they are also highly favoured in the East a sizeable minority of those surveyed in the latter region did not rate any voluntary policy as important, presumably because of the greater prevalence there of tillage and horticultural farming.

Group 2 households had a comparatively low percentage of farm operators over 55 years who felt sure that a member of the family would succeed to the farm. In this respect, again, they were not greatly different from Group 5.

Group 3 - 'Commercial Farmers with Family Earners'

The medium-level dependence of these households on the farm was mainly due to the off-farm employment of the spouse or of family members, although

in a minority of cases the farm operator, also had other work. In many other respects, especially in their approach and commitment to farming, they were similar to Group 1.

Their farm size - in area and ESUs - was above average for each population, and second only to Group 1. Similarly, on the other indicators of farming behaviour and management they were generally close to the pattern in the first Group. They had comparatively good-sized farms and also rented land. In the West the proportion expanding their inputs per unit area was as high as Group 1 but in the East this was not quite the case. Investment levels and loan repayments were also above average.

It is of significance that dairying was prominent on these farms, taken in aggregate, although not as common as cattle-rearing or sheep.

These Group 3 household farmers were relatively young and had high levels of education, including agricultural training. They were at mid-points in the family life cycle but had high income and high levels of living. In the East their household incomes were highest of all Groups. However, because of the high incidence of family earners in the household their high income status is a transient situation.

Group 3 households revealed a high degree of confidence that a successor would continue on the farm though in the West, in common with other western Groups, the expectation was that the inheritor would need to have other employment besides farming.

Group 4 - 'Young Pluri-Actives on Limited Land'

Households in this category had lower than average reliance on the farm because the farm operators had other employment and their farms were well below average size, especially in the East, both in terms of area and economic size units. Cattle and sheep were the main enterprises. Mechanisation was at a low level though in the West it was not very different from the scale of mechanisation in Group 2.

Somewhat surprisingly, in several aspects of farm management, Group 4 farmers in the West compared well with other western Groups. This was not true for Group 4 farmers in the East. For example, in the West they scored relatively high on grassland management, information seeking, and intensity of nitrogen use. Their level of farm investments, and level of loans outstanding were also above western norms.

Other analyses of the survey data in this study suggest that young pluri-active farmers, in a livestock economy, where farming performance generally tends not to be of a high standard, can match the farm management levels of other farmers.

The most useful policy measures to the Group were the livestock payments.

The farm operators were relatively young, with average to high levels of formal education and, significantly, the highest levels of non-agricultural vocational training.

Group 4 household incomes were the highest of western Groups and their levels of living were as high as those in Group 1. They had higher degrees of optimism about their economic prospects, and among the corresponding Group in the East such optimism was also evident. In the West most of those over 55 years in the Group felt sure that a family member would take over the farm, nearly all on a part-time basis. Again, uncertainty about succession was greater in the East.

Group 5 - 'Disengagers, Semi-Retired and Retired'

These were predominantly older farmers, on small holdings, relying heavily on pensions and other social transfer payments. While having no off-farm work currently, a majority would have non-farm jobs in the past - especially in the East.

They could be described as including those who are in a retirement stage, as well as those in a disengaging phase, in relation to farm activity. While most had cattle and/or sheep a small minority (8 per cent in the West and 16 per cent in the East) had the most minimal of farming operations.

As regards succession, this Group in the West does not differ from other western Groups. Most expected an heir to take over the farm although over one-fifth were sure that no family member will succeed them. Again, part-time farming is seen as essential for any successor.

In the East, this Group is the most uncertain about succession. About one-third considered that the farm will be taken over by a family member on a part-time basis; another third felt sure that there will be no family member to succeed, while the remaining third hoped that a family member will take over but could not be sure about this.

(ii) Policy Issues Affecting Different Categories of Farm Household

Two major difficulties face those in Group 1. Rising input costs are a general concern, denting the confidence of even the most resilient in respect of their ability to sustain their current levels of operation. Second, large farms which specialise in tillage or have tillage as a major component of their farming system expected to lose financially from the recent CAP reforms (Fingleton *et al*, 1992). These are almost all in the East of the country. The policy implications of the analysis here for Group 1 households centre around the cutting of production costs and, in some cases, diversification to other enterprises or activities.

Group 2 households in general but especially those with older unmarried farmers have settled down to a stable pattern, consistent with their lower level of material aspirations. For the most part they are unlikely to take up opportunities for diversification - except perhaps to relinquish their holdings for afforestation. Given their age structure and income levels most will shortly be eligible for State transfers (like Group 5 currently).

Groups 3 and 4 illustrate the importance of a diversified rural economy in ensuring the survival and material well-being of farm households, through pluri-activity. But even agricultural policy can ensure that pluri-active households are considered not as an aberration in the agricultural sector but as an expanding and permanent component. This in turn will have implications, for example, for eligibility criteria in relation to incentive schemes, and for the design and targeting of extension services or agricultural training programmes.

Group 5 households indicate the role of public social transfer payments in maintaining farm households. It has to be recognised, however, that national provisions for transfer payments have militated against EU proposals to promote greater mobility of land. Householders in this Group, as indeed those in Group 2, could benefit from measures to support the creation of non-market goods - such as a well-maintained rural landscape. In Ireland, however, only two districts have so far been designated as 'environmentally sensitive areas' and the incentives offered to farmers for entering management agreements are not attractive. However, the recent Rural Environment Protection Scheme (REPS) should open up new opportunities for low income farmers to supplement their earnings.

4. FARM AND NON-FARM COMPARISONS BY EMPLOYMENT STATUS

There are several difficulties in making comparisons between the household incomes of the farming community and those in other employment (Phelan and Markey, 1991:183-185). Farm households must have a gainfully employed farmer to be classified as such; farming income, as well as being available for family living, may also be needed to fund investment and this situation will likely differ from employee households. In 1987 farm households were larger than other categories. One-third of farm households had two or more persons at work compared to one-quarter for urban households. Of those who stated that farming was the primary principal occupation of the head of household 42 per cent had additional earned income.

Nevertheless, of ten household size categories (1 person to 10 or more persons) there were only three categories where farm GHI exceeded the urban figure in 1987. In total, urban GHI was about £21 per week higher than GHI on farms.

Table 6.9 shows that 'urban employees' had the highest GHI when compared to farms and the urban self-employed. However, when account is taken of Disposable Income the gap narrows because of the heavier impact of taxation on the non-farming groups. But the really noticeable feature of the comparison is that farm households with other earned income had similar GHI to the urban self-employed category and their Disposable Income was the highest of all categories shown.

Once again these comparisons demonstrate the importance of multiple income sources in maintaining the financial security of farm households.

FIGURE 6.3

Farm Income Trends
Family Farm Income and Cash Income

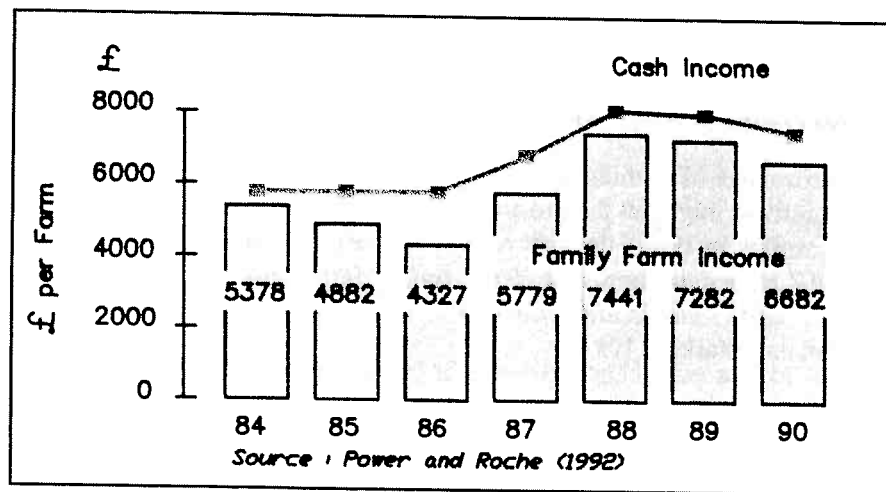
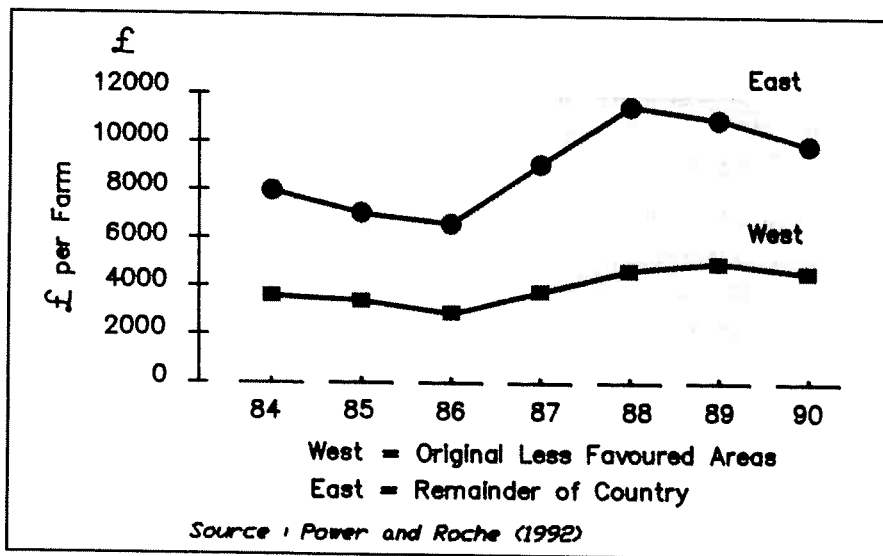


FIGURE 6.4

Family Farm Income by Region 1984-1990



(i) Size of Farm and Farm Income.

There is an obvious and continuing relationship between farm size and income from farming (Table 6.11 and Figure 6.5). Generally, in recent years,

farms of over 100 ha provide FFI of over four times the national average, while on farms below 20 ha the farm incomes are less than half of the national average figure. Farms of less than approximately 25 ha had incomes from farming (1991 figures) below the national FFI and less than the average agricultural wage rate (Power and Roche, 1992:28). Size of farm is also associated with other factors which affect income levels; smaller scale farmers are older and their holdings are on the poorer soils.

TABLE 6.11

Family Farm Income IR£ by Farm Size

Size (ha)	<10	10-20	20-30	30-50	50-100	100+	Hill	All
1990	1345	3612	6596	11178	18630	30019	3338	6682
1991	1299	2983	6117	10019	16645	31590	2546	6053
1992	1647	3457	7360	11854	20310	31407	3427	7172
% farms (1992)	16.8	25.5	16.7	15.6	8.4	1.8	14.7	100.0
No of farms (000s)	26.9	40.8	26.7	25.0	13.4	2.9	23.5	159.2

Source: Derived from Power and Roche (1991, 1992, 1993).

FIGURE 6.5

Family Farm Income by Size of Farm 1984-1990

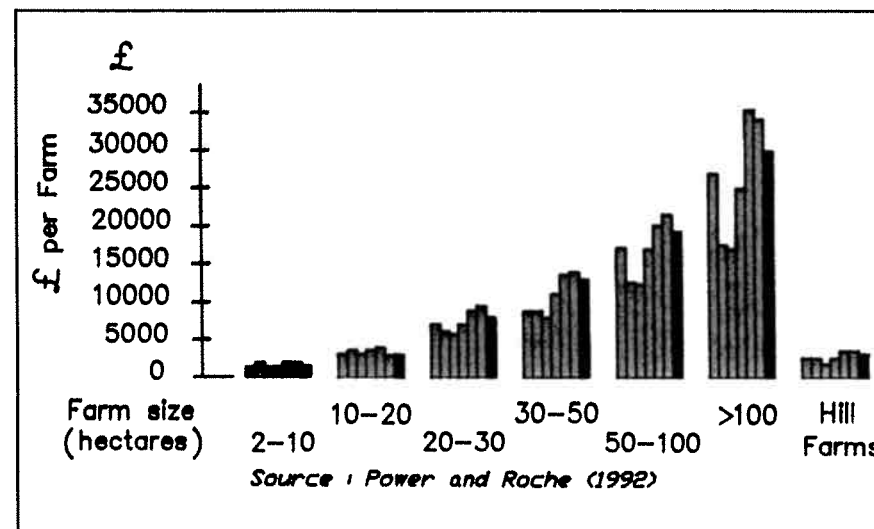


FIGURE 6.6

Family Farm Income by full-time and Part-time

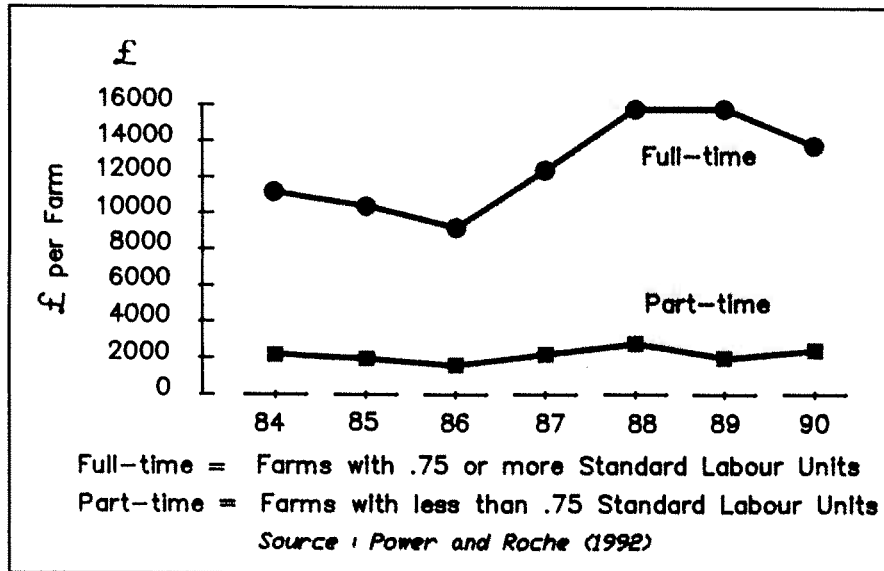


FIGURE 6.7

Other Activity of Farmer

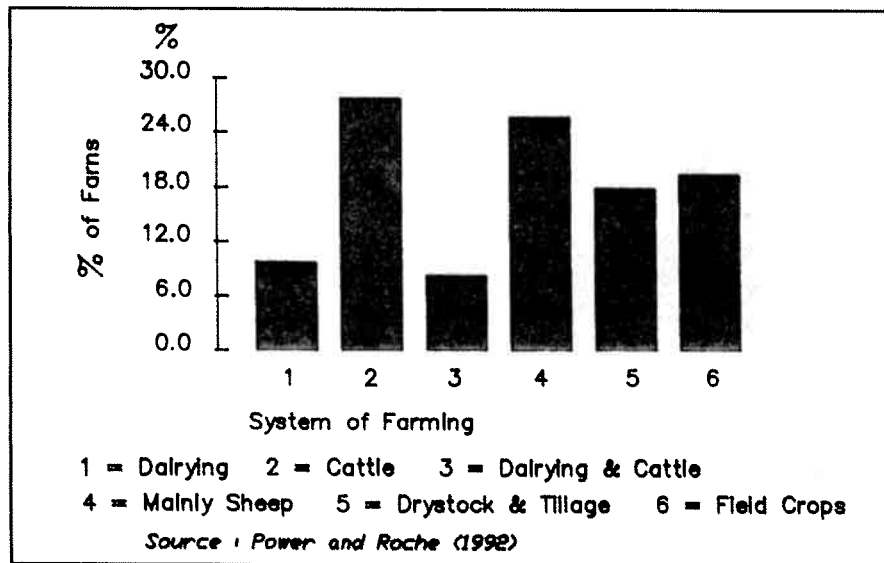
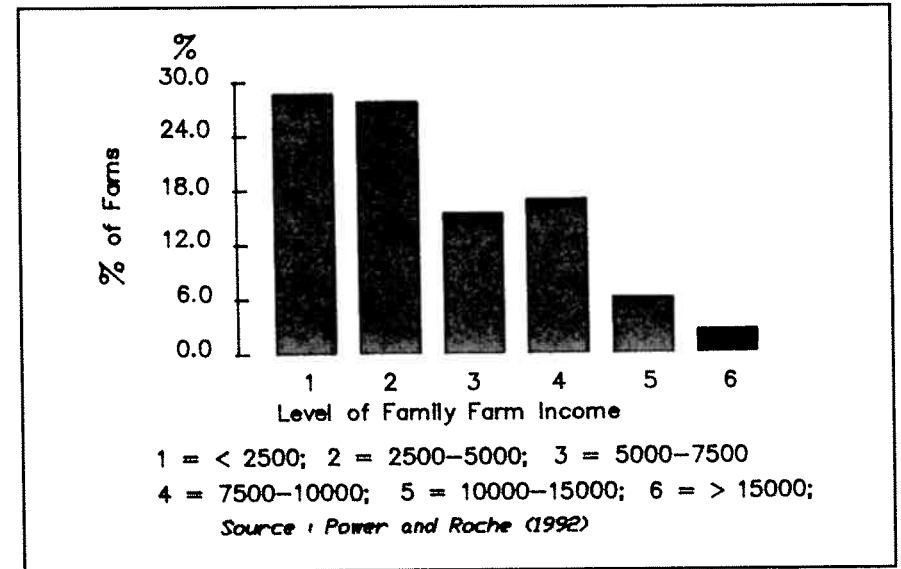


FIGURE 6.8

Other Activity of Farmer



(ii) System of Farming and Farm Income

In regard to farm incomes the major contrasts in Irish farming are between systems which are based on, or incorporate, dairying and those systems based on cattle production.

Farms depending on cattle, without any other enterprise, and which represent nearly half of all farms have the lowest incomes of all systems, at less than £3,000 per year (Table 6.12). Dairying incomes are about five times greater than on cattle farms. Compared to the cattle producers, dairy farmers have greater amounts of land (30 ha as against 20 ha) and a greater proportion are in the best soils (49 per cent as against 36 per cent).

In the analysis of the 1992 NFS, Power and Roche (1993:31) expressed the FFI/farm size/farm system relationship in terms of comparisons with the average industrial wage. For the different farm systems to provide a farm income equivalent to the average industrial wage, the following farm sizes would be needed: dairying 25 ha, cattle 90 ha, dairying and cattle 37 ha,

mainly sheep 83 ha, drystock and tillage 75 ha and specialist tillage farming 64 ha. These figures may be compared with the actual size of the farms operated in the different systems of farming (Table 6.12).

TABLE 6.12

Average Family Farm Income by System of Farming¹ (IR£)

	Dairying	Cattle	Dairying/ Cattle	Mainly Sheep	Drystock/ Tillage	Field Crops
1990	13477	2690	12570	5632	10643	10990
1991	12172	2281	10810	4455	10286	15530
1992	15336	2943	13466	4844	9394	10928
% of Farms 1992:	15.5	47.3	12.6	17.8	2.7	3.4
No. of Farms (000s) 1992:	24.8	75.7	20.2	28.5	4.3	5.4
Average size (ha)	33.4	22.7	41.4	34.1	54.7	58.6

¹ Some minor farm systems omitted.

Source: Power and Roche (1993) Table 16, and Table 26a.

(iii) Regional Variations in Farm Income

The NFS is representative of two broad regions in the country - the originally defined less 'favoured areas' of the West (roughly the 11 western counties) and the remainder of the country. As might be expected, FFI is consistently higher in the East (Figure 6.4). In 1992 western FFI was about 64 per cent of the national average compared to a corresponding figure of 150 per cent in the East. This regional differential exists even for similar farming systems, reflecting the smaller farm size in all systems in the West.

(iv) Labour Status of the Farm and Farm Income

The NFS distinguishes between 'full-time farms' and 'part-time farms', which is not necessarily a distinction between full-time and part-time farmers. A full-time farm is defined as a holding requiring - on the basis of its scale of production - at least 0.75 Standard Labour Units to operate; a part-time farm requires fewer than 0.75 Standard Labour Units. The operator of a part-time farm may not have another occupation although, understandably, the incidence of multiple job holding (by farm operator

and/or spouse) is higher on part-time farms than on the full-time units (33 per cent as against 24 per cent).

TABLE 6.13

Family Farm Income on Full-Time and Part-Time Farms, 1992

	Dairying	Cattle	Dairying/ Cattle	Mainly Sheep	Drystock Tillage	Field Crops
Full-Time Farms						
Average FFI (£)	17,922	9343	15,859	9978	14,329	19,311
Viable% ¹	67.0	37.0	56.0	42.0	61.0	59.0
Per cent of all farms	12.4	5.2	10.0	5.4	1.6	1.5
Part-Time Farms						
Average FFI (£)	5061	2149	4058	2608	1950	4019
Viable% ¹	24.0	14.0	24.0	21.0	14.0	39.0
Per cent of all farms	3.0	42.1	2.6	12.4	1.1	1.8

¹ Farm is capable of: (a) remunerating family labour at average agricultural wage rate and (b) giving a 5 per cent return to non-land assets. See Chapter 4.

Source: Derived from Power and Roche (1993).

Nationally, the NFS classified 63 per cent of farms as part-time in 1992. These were disproportionately in the western region. Their average FFI was about one-sixth of that on full-time farms. Table 6.13 shows income comparisons between the two categories for the different farming systems. FFI on part-time farms is consistently lower than on full-time farms (Figure 6.6). It is noticeable that dairy farms are predominantly full-time farms while the low-income cattle and sheep systems are more numerous among the part-time units (Table 6.13).

(v) Role of Direct Subsidies in Farm Incomes

It is clear from the data on farm incomes that a substantial proportion of farms generate low financial returns. Furthermore, it has to be noted that these low incomes actually contain a high element of direct subsidisation, i.e., income supports payable on certain categories of livestock. These 'headage' payments accounted for 26 per cent of the average FFI in 1992 but, expectedly, there was considerable variation depending on system and scale of farming operations (Table 6.14).

TABLE 6.14

Direct Subsidies Paid to Farmers by Farming Systems, 1992

	Dairy	Cattle	Dairying Cattle	Mainly Sheep	Dairy/Tillage	Drystock Tillage	Field Crops	Other	All
Full-Time Farms									
(£) Average Amount	931	5579	1870	8710	927	4747	2193	1681	3208
% of FFI	5.2	59.7	11.8	87.3	4.0	33.0	11.4	4.9	21.2
Part-Time Farms(£)									
Average Amount	431	1387	929	2784	-	895	293	-	1555
% of FFI	8.5	64.5	22.9	106.7	-	45.9	7.3	-	61.9

Source: Derived from Power and Roche (1993).

It will be seen that most of the FFI generated in the cattle and sheep systems and in all part-time farms (in aggregate) arises from direct subsidy payments. In fact, on these two systems, which represent almost two-thirds of all farms, the direct subsidies accounted for three-quarters of their farm incomes in 1992.

Obviously, without these forms of income support many livestock farms would fall well below the poverty level, especially if there were no other (non-farm) earned income available to the household.

(vi) Low Incomes in Farm Households: Aggregate Numbers

Reference has already been made in this Chapter and in Chapter 4 to the important role which non-farm gainful employment plays in contributing to total household income on farms. As would be expected the incidence of non-farming job-holding varies by farming system and level of FFI (Figures 6.7 and Figures 6.8). The less intensive systems and smaller farms have the highest proportions of holdings where the operator has other gainful activity.

Nevertheless the aggregate absolute numbers reveal the major problem of low incomes in the farming sector. Data from the Teagasc NFS for 1992

show that of the 92,000 farms where FFI was less than £5,000 there were 62,000 holdings where neither the farm operator nor spouse had another gainful occupation. Some of these households have incomes from the earnings of family members (other than the farm operator and/or spouse) and from rents and investments. However, if the incomes of family members are omitted - because of their possible temporary nature or because they may not be available for household consumption purposes - the figure of 60,000 farms would represent the broader limits of the scale of the low income problem in farming.

The great majority of these low income farm households are on small farms, or part-time farms in terms of their labour status. The main supplementation to their low FFI comes from State transfer payments. However, Teagasc NFS data show that there were approximately 20,000 farms with FFI of less than £5,000, where the holder and/or spouse had no non-farm employment and nobody in the household was in receipt of unemployment benefit or pensions. Taken together with the numbers of farmers in receipt of Smallholders Assistance (12,000 persons) it may be said that the core of the low-income category on Irish farms is made up of about 30,000 households or almost one-fifth of the total. It will be recalled from the discussion in Chapter 4 - on farm viability - that 30,000 farms were occupied by persons who were generally old, with no obvious heirs, and who were dependent mainly on State income transfers.

6. CONCLUSIONS

Although average Gross Household Income in rural areas increased at a faster rate than in urban areas during 1983-87, rural GHI was still 16 per cent lower than urban GHI at the end of this period.

In farm households, size of farm and system of farming are critical to the level of farm income. The point has now been reached where the household economy of the smaller farms (under 50 acres or 20 ha - 54 per cent of all farms) is no longer dependent primarily on the farm but on non-farm employment and on State transfers. Particularly for households at an early stage of the family life cycle, but who are on smaller farms, non-farm employment is critical to their economic welfare. Household viability - in the sense of maintaining the household unit in the home community - rather than the economic viability of the farm, is their main concern. The importance of non-farm income in this respect is well entrenched in the consciousness of parents on the smaller holdings when they come to consider the career possibilities for their families.

In the West of Ireland the farming performance of young part-time farmers is superior to that of the generality of western farmers because of the predominance of older farmers with depleted households among the full-time farmers. It is hazardous to base definitive conclusions on data which relate to a single time phase but it would appear from the present configuration of human resources and patterns of farming in parts of the West and North-West of Ireland that, paradoxically, the availability of non-farm employment may in fact be essential to the maintenance of farming activity in those areas.

Even where farm incomes are low and when they represent but a residual component of total household income it must be remembered that they are highly inflated by forms of direct subsidisation - the non-market direct income transfers to farmers. It is significant that in 1992 two-thirds of farmers (those with cattle and mainly sheep enterprises) depended on such payments for three-quarters of their family farm income. In the western less-favoured areas (with 60 per cent of the country's farms) direct subsidies accounted for half of the average farm income.

There is now a great diversity of household types within farming (in the sources of their income and household composition); this confirms the earlier analysis in Chapter 4 showing considerable heterogeneity within the farm population under the contemporary conditions of agrarian restructuring and the shift from reliance on 'market' incomes to 'non-market' income supports.

This heterogeneity is likely to be even greater as Irish farming now enters a new regime marked by CAP reforms and the GATT agreement. Agricultural policy will continue to serve the conventional productivist goals of providing quality food and the social goals of maintaining a rural society through forms of rural development, environmental management or the provision of income supports to farmers. In a more market-oriented agriculture, some producers will strive for - and attain - greater productive efficiency and higher farm incomes even within restrictive output limits. But more generally, the role of farm income in the gross income of farm households will decline; the shift from price supports to forms of direct subsidy will intensify; producers will be compensated for allocating land to other societal purposes besides food production; and State transfers will continue to be necessary to supplement very low incomes earned in farming, especially where the operator (or spouse) cannot obtain non-farm work or has withdrawn from all occupational activity. The hard core of some 30,000 farming households, representing the lowest end of the income spectrum, is not likely to diminish in the near future.

In this context the concept of 'family farm income', while continuing to be useful for analysing the performance of the farm business, will be

increasingly unhelpful in monitoring the full spectrum of economic conditions in farm households. Confining attention to variations in the incomes earned from farming activity obscures the variety of adaptations being made by farming households to a changing economic environment. Analyses of the farm business in conventional farm management terms do not reveal the take-up - or otherwise - of the various opportunities being promoted in the name of rural development. Given that Teagasc, in fulfilment of Ireland's obligations to the EU's farm statistics service, already conducts an annual national survey on a representative sample of farms, it would seem desirable to adjust the data collection system in the survey so as to (i) provide more detailed information on the different sources of incomes and on the various forms of subsidisation, and (ii) to allow examination of the role of different policy measures in facilitating or regulating, the adjustment of farming households to the changing economic circumstances of the CAP reforms and GATT agreement. That is, at very little, if any, additional cost the usefulness of the 'farm survey' could be enhanced by being extended to a 'household economy' survey.

This, of course, would still leave an enormous gap in information about non-farm rural households.