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Securing fairness and well being in a land of plenty - A Rural Perspective.

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Introduction

Some would say that inequality is more pronounced in times of wealth and high economic growth. The relatively large investment in our overall infrastructure has transformed the country, and brought us almost on par with what a modern country should look like. In a country the size of Ireland it should be straightforward to assume that such development should benefit all of the country in equal measures. However the intense growth experienced in the Dublin and Eastern region has led to widening of the gap in terms of income, and opportunity between the East and West, as was confirmed in the recent Combat Poverty report ‘Mapping Poverty’.

As a means of ensuring fairness in regional terms, the publication of the National Spatial Strategy (NSS) was generally welcomed, and seen as an acknowledgement by government that deficiencies in regional development, will, if not corrected, result in huge inequality within our society. The main objective as stated in the NSS is *to achieve more balanced regional development along with a better quality of life for every one, as well as a vibrant urban and rural areas and a better environment, supported by more effective planning.* However analysis of this objective shows that measurement of this objective must take note of the following indicators:

- 1 The publication of the Strategic rail review, which signalled little or no spending on new rail networks outside the greater Dublin area.

- 2 There is still no decision made on the building of the western rail corridor.
- 3 The quality of primary and secondary roads continues to be a barrier to attracting industry.
- 4 The necessary electricity capacity needed to allow industrial growth west of the Shannon is seriously below accepted levels, despite the considerable progress made in addressing this problem.
- 5 There is no provision for integrating the gas supply from the Corrib field so that it could benefit the west or other regions.
- 6 NDP spending in the Border Midlands and Western region is still below the targets set for total spending.
- 7 Too many national schools are waiting on necessary capital expenditure.
- 8 Broadband technology roll out has not been as successful as planned. While recent initiatives such as the proposed connection in over 80 towns, and the scheme for rural isolated areas, are to be welcomed, we are still alarmingly uncompetitive in comparison to our European neighbours.
- 9 13 per cent of all new company start ups in the BMW region.
- 10 Inadequate supports of Micro industries.

Rural economy

The current transformation of rural Ireland in terms of attitudes to farming, still its main economy, is posing serious challenges to the long term sustainability of rural community as we know it. Until recently, rurality was synonymous with agriculture. All economic and social policy at both national and European level, was focussed on the strengthening of the Common Agriculture Policy (CAP). Rural development was seen as a direct result of assistance to farm families, and it wasn't until the late eighties/early nineties that people began to think in terms of the economic and social development of rural communities.

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In most communities the majority of residents farmed full time, and the rest were employed indirectly through service related activities. Despite emigration the emerging independent Ireland of the last century could boast of over a quarter of a million farmers, many of course involved in subsistence farming, which has subsequently proved in a market based economy to be totally unsustainable. Since the first programme for national recovery in 1958, our economy has progressively developed in line with global trends. Generous tax incentives, introduced to attract the large multi-national corporations, allowed us to create jobs without huge investment in research and development. This policy was pursued to the point where we as a country are hugely reliant on that sector at a time when present globalisation trends are focussing on the movement of businesses to China, Asia, and the European accession countries.

While continuing to espouse the value of the family farm unit in public, we deliberately set ourselves on a path of greater reliance on traditional manufacturing and with entry to the European Union we happily accepted a model of farming which would gradually force us to produce food at the cheapest unit of cost, thus forcing the small holder out of business.

As far as policy-makers were concerned agriculture was not capable of providing a living, and was finally seen as being completely incapable of halting the mass emigration which characterised the Ireland of the nineteen fifties. In the seventies and eighties, the then farm advisory service, ACOT now known as Teagasc, put huge emphasis on the importance of farmers drawing up farm plans. Many of these plans were heavily dependent on borrowing. They also relied on the premise that prices set by the EU would remain not alone guaranteed, but would rise in direct line with inflation. In the eighties farmers came up against increased oil prices, which in turn led to the famous credit squeeze. Heavily over-borrowed, the sector suffered serious damage, forcing many younger farmers to reassess their career choice, which for many meant emigration.

The clear lesson in terms of trends was that despite the artificial supports from the EU to producers, world prices influenced by markets outside of Europe would drive down the price of food, or at least the price paid to producers. Given that the average size of a farm holding in Ireland is 32 hectares at present, an increase of 6 hectares since 1993, according to Teagasc figures, it is clear that the principle of competing by increasing farm output was limited, and would eventually become counter productive.

Fig. 1: Farm size changes 1993 to 2004

	1993	2004	Variation %
Number of farms	170,578	141,527	-17
Average farm size (ha)	26.0	31.4	21
Agricultural area used (ha)	4,441,755	4,443,071	0.03
Sole occupation farmers (%)	74	56	-24
Subsidiary occupation farmers (%)	21	30	46
Regular farm labour force (number)	312,729	257,948	-17.5

Source: Teagasc

By the end of 'decoupling' farm income was subsidised to the tune of 90pc cent, and will continue to be subsidised at a level averaging around 75pc cent until 2012. It should be noted that even though 'decoupling' is agreed until that time, the current stand off between Great Britain and France on the issue of CAP could reduce further the level of farm subsidisation.

The consequences of the decline of farming on the future sustainability of rural communities have been clear to policy makers for some time. However actions to counteract these consequences have been slow and lacking in any kind of vision. Small holders are no longer viable in commercial terms, even with the subsidies. In a paper delivered by L.N Harte- Department of Agribusiness and Rural Development UCD to

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the Agriculture Research forum in March 2002, he made the point that Ireland's economy in terms of GDP (Gross Domestic Product) had doubled over a decade. Given that a normal economy might be expected to take over 20 years to achieve the same progress he stated:

In these more buoyant conditions a mature industry such as agriculture would also be expected to progress, albeit more slowly, in response on the one hand to better market opportunities but more especially through improved performance, restructuring, and redeploying resources into non-agricultural activities. However, apart from some redeployment of labour, mainly through increased part-time farming, there is little evidence of improved performance in agriculture during the 1990s, and in many respects the sector seems to have regressed. It is argued here that this was a failure of policy and a lost opportunity for the sector.

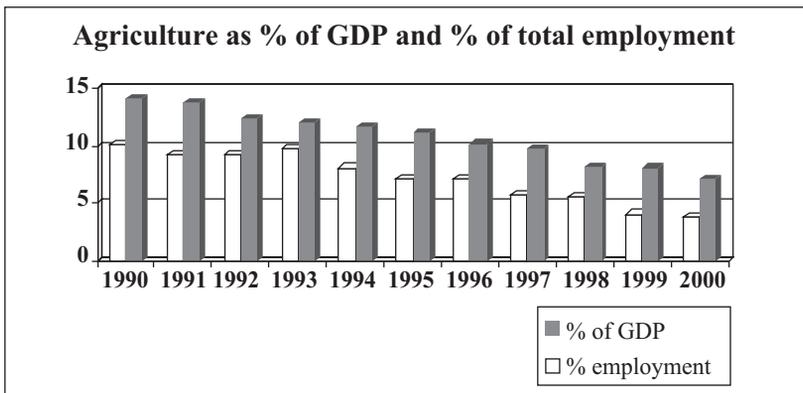
In effect due to our improved economy we have at least temporarily prevented another bout of mass emigration from small holdings, and to some extent postponed another era of rural poverty on a large scale. This has largely been achieved by the growth of employment opportunities, especially in the building industry. In fact it is now estimated that the construction industry provides employment for some 30 per cent of all off farm employment. In some western counties this figure is up to and above 60 per cent. This trend was acknowledged in 1998, by the Department of Agriculture, Food and Rural Affairs, in the White Paper *Ensuring the Future: A strategy for rural development in Ireland*, when it states:

There must be an economic basis for communities to remain in rural areas. The creation and maintenance of employment and income generating opportunities are critically important, therefore, to sustaining vibrant rural communities.

However Teagasc have predicted that by 2010 we will have some 60,000 part time farmers, who will be in an exit strategy away from

farming. Given that these projections were made before de coupling it is logical to assume that this exit is likely to be brought forward, thus putting increased pressure on the provision of jobs in the local area.

As can be seen from the following chart the decline of agriculture in terms of GDP and its contribution to rural employment, is going only in one direction. The projections as detailed in the Agri-vision 2015 Report suggest that the numbers involved in farming of any kind will fall from 136,000 to 105,000, and that only 30,000 will be on viable holdings.



Source: Annual Review and Outlook for Agriculture, Food and Rural Development, Department of Agriculture, Food and Rural Development, Series up to 2000/2001.

The changes in farm practice suggest that many of these communities cannot be considered sustainable in economic terms, but will be dependent on the availability of jobs close by. Indeed if the building industry went into one of its customary down cycles, it is likely that the effect on rural areas would be catastrophic. In his speech to the Rural Forum in Athlone last January, Minister for Community, Rural and Gaeltacht Affairs, Mr Eamon O Cuiv, asked the following question; Can rural prosperity be achieved by focusing the vast majority of spending on *direct farm investment, rather than the development of a diverse rural economy?* His conclusion is that we must concentrate on the development of the wider rural economy. It is a conclusion that is hard to disagree with.

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Some have interpreted such a call as in some way taking away potential benefits from farmer's pockets. The fact is of course that farmers will and should continue to benefit from funds from Europe that are available; however the logic of this is that in a declining farming population the amount of benefits available to any one area will decline as a result of reduced numbers claiming, and the continuous pressure by all European Governments to minimise direct spending on agriculture.

In the EU proposals for rural development published in July 2004, the problems and challenges to be addressed were summarised in the following way.

- **Economic:** Rural areas have a significantly lower income than the average, an ageing working population and a greater dependency on the primary sector.
- **Social:** There is clear evidence of higher unemployment in rural areas. Low population density and depopulation in some areas may also increase the risk of problems like poor access to basic services, social exclusion, and a narrower range of employment options.
- **Environmental:** The need to ensure that agriculture and forestry make a positive contribution to the countryside and the wider environment requires a careful balance to be struck.

However that is not an option for many, who because of age, educational attainment, or their social conditions, cannot access these job opportunities. The challenge is: how can we create employment opportunities that are regionally based, and more importantly sustainable.

At present we are still a country with huge geographical imbalances in the way and the manner in which employment is dispersed. The Audit of Innovations report published earlier in the year by the BMW region clearly indicated that there is serious migration from West to East, and

from rural to urban. Yet we have been promoting a policy of balanced regional development for most of the last century, and find that we still have regions that are woefully inadequate when it comes to competing with the Dublin / Eastern region. The report makes the point that the Border, Midlands, and Western Region (BMW) is far too reliant on traditional manufacturing industry; the type of industry that is characterised by low pay, and can quite easily be switched to Asia where wages are a fraction of what we pay. In the past few months we have seen a disproportionate loss of jobs in the North West, making it a huge black spot in terms of unemployment figures.

Such a loss, of jobs (2,000) this year must be taken as a loud wakeup call to all policy makers interested in regional development. It may be easy to take the view that it is a passing trend attributable to once off factors unique to Donegal. However such an approach is short-sighted, and will only delay necessary government intervention. As usual it is practice to establish a task force to remedy the effects of a sudden loss of jobs in any region. In this case it would be far more judicious to establish a task force which would examine the strengths and weaknesses of existing industries, and begin the task of attracting new and more sustainable jobs.

We also need to examine the aid available to small rural based industries. There is a huge disparity between the aid available to multi national industries, and smaller indigenous firms, who are not involved in exports. The reality is that in Donegal, according to the County Enterprise Board the vast number of jobs, in fact over 90pe cent, are in small businesses employing less than ten people.

Under the NDP 2000-2006 we have seen a consistent under-spend west of the Shannon. The under-spend for most of the life of the NDP was running as low as 30pe cent. Although now running at over 70 per cent, it still represents a certain failure in policy terms in coming to grips with the need to be at least competitive with the Dublin and Eastern area. The low spend in research and development has seriously contributed to poor innovation, in terms of new employment and opportunities for

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the many young people who graduate from universities outside the region. Their migration from the region essentially means that the necessary skills to drive innovation are lost, hence the dependence on traditional manufacturing.

The result of this failure has been the creation of commuting villages where people drive up to 190 miles return on a daily basis. Apart from contributing to the huge congestion in our major centres of population, it has a hugely detrimental effect on rural communities. Conversely the creation of commuter points is contributing to the decline of other rural areas. The fact that there is a spatial strategy in existence has not at this point had any effect in redressing this balance. The question to be asked here is: will the decline in farm numbers coupled with the practical need to move away from isolated areas contribute to the eventual decline of rural communities?

Clearly the failure to generate an economic basis for any region means the possibility of developing a community approach is extremely difficult. In terms of social inclusion, communities that are less than vibrant are in effect contributors to social exclusion. Such failure contributes to rural unemployment, which in turn limits the ability to cater for those within the community who are dependent in one form or another. It also means that there is less demand for the provision of a range of social services, mainly because communities no longer have the capacity to advocate for these services.

Similarly the fact that employment opportunities are only accessible in the nearest large centres of population will also contribute to social exclusion. Examples of exclusion include people unable to access work, because they cannot afford a car, unable to access their transport entitlements because there is no accessible public transport, unable to access medical treatment, particularly cancer care when the nearest facility is over a hundred miles away, unable to access child care and youth facilities because policy dictates that they can only be available in the larger centres of population. The strong likelihood is that much of the available employment will fall into the lower paid categories.

Coupled with poor childcare and other care infrastructure deficits, this will in effect undermine the ability of families to live above the poverty line.

Government expenditure on childcare has increased significantly; we are still far behind our European neighbours. Already there is significant evidence that young trained and educated people are migrating to the east and Dublin area, leaving behind a dependent population comprised of the old, those affected by disability, lack of educational attainment, lone parents and those who have lost jobs and are unable to access the necessary re-skilling to find new ones.

Conclusions

- Farming as a significant economic support in rural areas continues to decline, and by 2010, will be down to between 20,000 and 30,000. A similar decline in farm related jobs will occur. Inevitably this will mean the placement of more land into the control of the very few, which will mean the growth of intensive farming, a reality that does have implications for the environment, and the sustainability of rural communities. It will also present challenges to many small to medium size towns in rural Ireland whose economic base is still reliant on agricultural activities.
- Rural employment that is dependent on traditional manufacturing is vulnerable, particularly in areas that are medium to long distances from larger urban systems. Particularly vulnerable areas include Donegal, Leitrim, Cavan, Roscommon, Longford, parts of North Westmeath, West Offaly, and the South West.
- The pressure to reduce services such as banking and post offices will continue, and will be felt more in these counties.
- Rising energy costs directly impact on every day lives of rural communities. Despite the improved level of support for the

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Rural Transport Initiatives, huge numbers of people do not have access to transport. This is particularly harsh on those on social welfare who have entitlements and cannot use them.

- Rural poverty was characterised by the 1994 Combat Poverty Report written by Curtain, Hasse and Tovey, as invisible because of the dispersed settlement patterns. This is still a feature of the border and midland counties, as confirmed in the more recent Combat Poverty report *Mapping Poverty*.
- There is an urgent need to quicken the pace of broadband roll out, to improve the quality of electricity and the transport infrastructure. The establishment of the Western Rail corridor and the overhaul of secondary roads are particularly urgent.
- There is a need to continue initiatives such as CLAR, Rural Social Scheme, and employment related programmes such as Job Initiative, Community Employment and Social Economy. In providing opportunities for people who are unemployed, or in some cases underemployed, these programmes provide valuable support for many community-based initiatives.
- The farm assist scheme claimed by 8,000 farmers could, according to IFA figures, be doubled, on the basis that its restrictiveness excludes many whose income and living circumstances places them well below the poverty line.
- The National Spatial Strategy launched in 2002 requires a re-launch, this time with definitive plans for each of the regions identified. Such plans need to be linked to the Strategic Rail Review 2003 and the Decentralisation Strategy (announced in Budget 2003). Given that the status of the Hanley report on health provision is extremely unclear, it is essential that plans for the provision of healthcare in regional terms are also included in such a review.
- The availability of social housing in rural areas is still far too low. Initiatives which would make land banks available, and enable these to be developed by the local communities must be prioritised.
- All projections agree that Ireland's population will contain a higher proportion of older people up to 2020. Planning for the

provision of care is urgent, with emphasis on the provision of care within the community.

On a positive note we in Ireland have shown what we can achieve when faced with great challenges. Despite its economic ups and downs Ireland in international terms is now regarded as being on a par with the wealthiest countries in the world. However when our performance in creating a society based on greater equality is measured, we are seen to be falling considerably short of our targets.

Up to the early nineties we lived in a land of scarcity and palpable failure in economic and social terms as a nation. Surely in a land of plenty it is not beyond us to, as the CLAR programme boasts, go the final mile and ensure that both our economic and poverty indicators sit at the top of their respective league tables.

Relevant terms

CLAR: A programme initiated by the Department of Community of Rural and Gaeltacht Affairs. It targets areas mainly in the Western region who have suffered more than 50 per cent population in the period 1926 to 1996.

National Spatial Strategy: Launched in 2002 by the Department of Environment.

National Strategic Rail Review: Published by the Department of Transport in 2003

Decentralisation: Announced in the Budget of 2003.

National Development Plan 200- 2006

Common Agricultural Policy: Still the largest of all EU budgets, and remains their only policy on rural matters.

White Paper *Ensuring the Future a strategy for rural development in Ireland*. This is still the main policy document that informs Irish Government policy on rural development.