The impact of Irish dairy industry rationalisation on the sustainability of small farming communities

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Introduction

In the second half of the 20th century, the Irish dairy industry—common with the experience of agriculture throughout developed market economies—has been subject to restructuring processes arising from what some writers have termed the second agricultural revolution (Healy and Illbery 1985) but which Bowler (1992) more correctly refers to as the third such revolution. This involves "the progressive extension of technological, organisational and economic rationality into the arena of farm operations, linking them even more closely to the other sectors of the economy, both materially and in ethos" (Wallace 1984, quoted in Healy and Illbery 1985: 2). The specific outcomes of this rationalisation process have been summarised by Bowler (1992) under the three headings: intensification, concentration, and specialisation.

This paper traces the process of rationalisation in the Irish dairy industry in the 20th century and discusses some of its economic and social outcomes, with particular reference to its impact on communities of small dairy farmers. Initially, however, the paper provides some background information on Irish agriculture in general, and on the early growth of the Irish dairy cooperative sector in the late 19th and early 20th centuries.

The nature of Irish agriculture

Irish agriculture is dominated by pastoralism, with less than ten per cent of improved farm land devoted to tillage. Over two thirds of gross agricultural output is generated by cattle rearing and milk production, which each account for about one third of the total. Irish farming is almost
entirely owner-operated, and farm size is generally quite small in relation to the ability to generate incomes comparable to those in the non-farm sector. Today the average farm size is about 28 hectares (64 acres), with about two thirds of all farms below that size. Only 11% of farms are in excess of 50 hectares.

The origins of the dairy cooperative sector

Small farmers, with their limited resources, have always been vulnerable to exploitation by those who purchase their output or supply them with inputs, typically in the form of high input and/or low output prices, frequently exacerbated by problems of indebtedness. The obvious response to this situation has been for small farmers to organise themselves into cooperative groups for joint purchases of inputs or downstream processing of outputs, thereby outflanking private operators in these sectors (Hart 1992).

In the case of Ireland, cooperative organisation gained what eventually became virtually a monopoly foothold in the late 19th and early 20th centuries in the dairy sector. Irish dairy farming is largely concentrated in two particular regions: the Mid-Munster Intensive Dairying Region (with an adjoining Southern Dairying Region) in the south of the island, on the one hand, and the Northern Dairying Region, on the other (Figure 1). Beef rearing predominates in most other areas.

Ireland’s first cooperative creamery was established (in the heartland of the Mid-Munster Intensive Dairy Region) in 1889, and the cooperative system subsequently spread rapidly, firstly in the surrounding Munster region, from where it then leapfrogged to the Northern Dairy Region. However, privately-owned creameries (the first of which was established in 1884) proliferated even more rapidly, so that these accounted for two thirds of the almost 800 creameries which were in operation by 1905, when creamery numbers in Ireland reached their apex (Daly 1991). There was strong rivalry between the two systems in many areas, sometimes amounting to cut-throat competition for the milk supplies of local farmers (Bolger 1983).

Rationalisation of the dairy industry

This competition was mainly responsible for setting off a process of profound reorganisation and rationalisation in the Irish dairy industry stretching over the 20th century. This process has mainly occurred in a series of five distinct (albeit overlapping) episodes: the elimination of the private creamery sector, amalgamation of cooperatives into larger units, centralisation of milk processing, closure of auxiliary or branch creameries, and concentration of on-farm milk production.

Figure 1  Ireland: Dairying regions and case-study areas

Source: Haughton and Gillmor 1979, Gillmor 1984
Elimination of the private creamery sector

The slump in agricultural prices after First World War created very difficult circumstances for the creamery sector, a position which was further aggravated by on-going milk wars between rival private and cooperative operations competing for milk supplies in many areas. The newly independent Irish Free State government stepped in via the establishment of the Dairy Disposal Company (DDC) in 1927 with a remit, in effect, to take over the private creamery sector and insolvent cooperatives and to either close these down altogether or transfer them to surviving cooperatives.

Within three years, the DDC had acquired 170 private creameries (80% of the total), about half of which were closed down, with a quarter transferred to cooperative ownership and a quarter operated directly by the DDC itself (mainly in areas where there were no suitable local cooperatives to which the creameries could be transferred). Some insolvent cooperatives were also acquired, as were all remaining private operations in the 1940s. The overall effect of this initial rationalisation phase was a reduction in the number of cooperative creameries from 336 to 215, and the virtually complete elimination of the private sector. The DDC continued to operate its portfolio of creameries until the 1970s, when the company was abolished and its constituent creameries sold off, mainly to the large cooperatives which had by then emerged via the process of amalgamation discussed in the following sub-section.

Cooperative amalgamation

After a period of relative stagnation in the 1940s and 1950s, the Irish dairy industry entered a phase of rapid expansion in the 1960s, due partly to general economic buoyancy in both the domestic and international economies, and partly to the introduction of direct government supports. New economic policies involved the abandonment of protectionism and a consequent need for the restructuring of indigenous industry in order to prepare it for growing conditions of free trade. A number of sectoral studies were carried out in pursuit of this objective, and that for the dairy industry recommended the amalgamation of dairy cooperatives into larger groups in order to achieve economies of scale and specialisation.

The first major amalgamation took place in 1964 when four of the five cooperative societies in County Waterford merged to create Waterford Cooperative Society (Breathnach 1992). The fifth was eventually absorbed eleven years later. The process of amalgamation set off in Waterford subsequently spread rapidly throughout the industry rapidly. The 188 cooperatives in existence in 1960 were reduced to just 35 in 1990. There is a high level of differentiation among those remaining, with the top four accounting for one half of total turnover. The process of amalgamation between cooperatives has generally been accompanied by considerable rationalisation within cooperatives. From a spatial point of view, the two most important forms of rationalisation have been the centralisation of milk processing and the closure of the branch creamery structure.

Centralisation of milk processing

Prior to amalgamation, all individual cooperatives would have had their own milk processing operations (usually butter manufacture). Following amalgamation, processing was usually discontinued in the smaller locations and centralised in the major plants which in most cases diversified into other processing activities such as cheese, casein, yoghurt and milk powder production. The former processing locations have either continued to provide existing store and retail functions, been sold off or been closed down altogether.

The closure of branch creameries

The spatial structure of the early creamery system in Ireland was based on a system of central processing plants and a network of auxiliary or branch creameries where milk was separated, with the cream being sent on to the central processing plants and the skim milk being returned to the farmers for feeding to calves and pigs. However, the development of modern forms of transportation and the increasing tendency to use all the milk in dairy processing meant that the branch system was rendered redundant.

Initially, the separating function was discontinued, but the branches continued to act as assembly points, to which milk was brought by farmers for transfer to trucks for onward delivery to central processing plants. However, growing levels of milk output per farm meant that economies of scale in long-distance deliveries of milk from individual farms were increasingly attainable. As a result, the assembly function of the former branch creameries has also largely disappeared, although it still survives in some areas where dairy herds are too small to warrant direct collection from farms. The general disappearance of the branch creamery had a major impact on economic and social interaction patterns in dairying districts where the trip to the creamery had been a central feature of everyday life.

Concentration of milk production

The final process of rationalisation which has occurred in the Irish dairy
industry in the last thirty years, and which is the main focus of the remainder of this paper, has been the growing concentration of milk production among a declining number of increasingly large producers. This is linked to the inability of smaller producers to meet the increasing demands of the industry in terms of equipment, material inputs, skills and hygiene standards. It is also linked to a growing preoccupation among dairy cooperatives with economic profitability at the expense of the broader social concerns which played a key role in the earlier days of the cooperative movement.

Nationally, 110,000 farmers were supplying creamery milk in 1966. Of these, 98% were supplying less than 15,000 gallons (one gallon being equal to 4.55 litres) each per annum (O’Dwyer 1988). By 1988, the number of suppliers had reduced by more than one half (to 49,500). Of these, only 54% were now supplying less than 15,000 gallons, and between them, these accounted for just 19% of total supplies. At the same time, the 5% of suppliers who each were producing over 60,000 gallons accounted jointly for 21% of all supplies (Agriculture and Food Policy Review Group 1990).

This process of concentration is, of course, a general feature of recent agricultural change in advanced market economies and has served progressively to polarise the farming community into a minority of highly capitalised, large-scale enterprises, which account for a growing proportion of total agricultural production, and a vulnerable majority of inadequately capitalised farms whose ability to provide their proprietors with a livelihood is being increasingly undermined. (Wallace 1985: 499)

Those farmers who have been squeezed out of dairying have generally been pushed into less intensive enterprises (particularly beef production) which give a lower return. As the great majority of the farms in question are small in area, this means that already low incomes have been reduced even further in most cases. Many of these farmers have been able to obtain off-farm employment to supplement their incomes, while some are in semi-retirement. However, a large proportion now depend on the state social welfare system for a large proportion of their income, while many who are entitled to this assistance do not avail of it for one reason or another. For these latter in particular, who depend on meagre land resources for almost all of their income, extreme poverty is an everyday reality (Kelleher and O’Mahony 1984).

The impact of concentration on small-farm dairy regions
While many of the small farmers who have been squeezed out of milk production are spatially interspersed with larger producers in the main dairy regions, the impact of concentration has been especially great in districts where dairy farms are generally small in scale. This is typically the case in the Northern Dairying Region, and also in peripheral and upland areas in and around the main Mid-Munster dairy region. The following subsections give an account of the impact of concentration in two such districts.

Case study: County Clare
Clare is a predominantly small farming county located at the western edge of the Southern Dairying Region (Figure 1). While the average farm size in 1991 (26.2 hectares) was almost identical to the national average, the county’s agricultural land is mainly marginal in quality—most of the county is categorised as "severely handicapped" under the EU Less Favoured Areas scheme. While specialist dairy farms accounted for only 31% of all farms of over five hectares in 1991, within the county, dairying is disproportionately concentrated towards the southwest where average farm size is lower (Horner et al. 1984). Mannion et al. (1993) analysed trends in the dairy industry in the county following the introduction of the milk quota system by the European Union in 1984. This system placed an overall cap on national milk production and allocated each dairy farm a milk quota based on existing production levels; thereafter, individual farmers could only increase output by acquiring quotas given up by other farmers. The following subsection is based largely on the findings of Mannion et al.

In County Clare, the number of dairy farmers declined by 29% to 2,332 between 1984-92. Over 90% of those leaving dairying had been producing less than 9,000 gallons per annum. Despite this, in 1992 almost one-half of remaining suppliers were still in this category, compared with just 14% supplying in excess of 20,000 gallons—considered to be the threshold of viability for full-time dairy farms. From a sample survey it was calculated that, for remaining farmers in the less-than-9,000 gallon category, farm income represented just over half of household income, the rest coming from welfare payments (28%) and off-farm income (19%). These farmers had an average household income from all sources of IRE6,628, compared with IRE14,986 for those supplying in excess of 20,000 gallons and the average earnings of industrial workers for 1992 of IRE12,700.

Small-scale suppliers generally possess land, most of which is classed as not being very suitable for dairying; partly as a result, stocking rates are low (1 hectare per livestock unit), while farm sizes are small and average output per cow is also low (582 gallons compared with 800-1,000 in the core dairy areas). These all combine to give low overall incomes.
from dairying. Given that this category of dairy farmer also tends to have inadequate on-farm dairy facilities, that only 10% of their milk is of top quality, that very few of them have any agricultural education, that only about a half have any contact with the agricultural advisory service, and that almost one half have no child dependants, it is clear that a large proportion of them have no long-term prospects of remaining in dairying.

This is particularly the case given new EU regulations regarding standards of on-farm dairy equipment and buildings. The great majority of dairy farmers in County Clare currently fail to meet these standards, including not only 91% of those in the less-than-9,000 gallon category, but also 57% of those supplying more than 20,000 gallons. Clearly, very considerable investment will be required to meet these standards, and many farmers will be unable to make this investment. All told, it is estimated that up to three quarters of the 2,332 remaining dairy farmers in the county are at short- or medium-term risk of leaving dairying. Of these, almost one half are considered to be definitely non-viable on the basis of inadequate resources and facilities, and poor household structure. Were all of these to drop out of dairying, it would mean that only just over a half of the dairy farmers in operation in 1984 would be still in business.

Further insight into the impact of concentration at local level is provided in a case study of the parish of Carrigaholt, located at the southwest extremity of County Clare (Figure 1). In 1965 the parish had a population of 1,240, divided into 295 households, including 264 farm households, of which 220 were supplying creamery milk. Including employment generated by dairying (farm labourers, creamery workers, etc.) and services supported by dairying, over 90% of the parish's families were dependent on income arising from the industry. However, the average milk output per farm was low, at 3,100 gallons, reflecting the small farm size structure of the parish.

By 1992, the number of farms supplying creamery milk had dropped by 45% to 120. However, the average volume of milk supplied by those remaining has almost quadrupled since 1965 to 14,280 gallons. In fact, the total volume of milk produced in the parish doubled between 1965 and 1984, when the milk quota system was introduced. Thereafter, milk output from the parish has declined by an average of three per cent per annum, due mainly to sales out of the district of milk quotas by farmers abandoning dairying. The income loss from dairying is the equivalent of ten full-time jobs being lost every year to the district.

While dairying remains central to the economy of the parish of Carrigaholt (accounting for 70% of earned income in 1992), concentration of production has had a severe demographic impact on the locality. The number of farm households declined by 40% between 1965-92, leading to an overall population loss of 35%. The number of dairy farmers has declined at an even faster rate i.e., 45%. The drop-out rate from dairying accelerated markedly following the introduction of the quota system. Between 1984-92 the number of drop-outs was 66 (7.3 per annum) compared with 54 (2.8 per annum) over the previous 19 years. Drop-outs were mainly concentrated among the smallest suppliers: three quarters were supplying less than 9,000 gallons annually.

Despite outmigration and a certain degree of diversification of the local employment base, there has been a significant growth in unemployment in the parish. The proportion of the labour force claiming unemployment assistance grew from zero in 1965 to one-fifth in 1992. There has been a considerable contraction in the parish's service base, with the number of shops down from nine to three, the number of post offices down from three to one and the number of public houses down from seven to five. All of the parish's four branch creameries have had their processing activities terminated. While contraction of the service base is attributable to broader processes than depopulation, and while not all outmigration may be attributed to concentration in dairy production, it is clear that there is a strong link between all three phenomena.

Nor is the decline in the number of milk suppliers likely to cease. In fact, no less than two-thirds of the remaining 120 dairy farmers in the parish are thought to be at immediate or medium-term risk of getting out of milk production, due mainly to small quotas, poor farm facilities and financial difficulties. In addition, the continuing trend for milk quotas to leave the parish means that the income associated with these quotas no longer circulates locally. Given its peripheral location, the prospects of significant employment diversification in the parish (despite some recent tourism-related developments) are limited. Further contraction in dairy production and its related income will therefore add very considerably to the cycle of outmigration, population decline and service contraction, giving a continuation of current policies regarding milk production.

Case study: County Monaghan

County Monaghan, along with adjoining County Cavan, is the main focus of milk production in that part of the Northern Dairying Region located in the Republic of Ireland (Figure 1). It is a county of mainly small farms: the 1991 average size of 16.7 hectares was two thirds of the national average and half the average size in the main dairy counties in the south. All of the county is included in the EU Less Favoured Areas scheme, most in the "disadvantaged" category, but some in the "severely handicapped" category. An analysis of trends in the dairy industry in the county following the introduction of the quota system was
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carried out in 1993 by Macra na Feirme (a young farmers' organisation). The following subsection is based largely on the findings of this report (Monaghan Macra na Feirme 1994).

In the mid-1970s, approximately 4,500 farmers in the county were milk suppliers—90% of the entire farm population (Irish Times, May 5, 1977). By the time the milk quota system was introduced in 1984, the number of milk suppliers had already fallen to 3,223, and this figure declined by a further 36%, to 2,047, in the following eight years. Almost 90% of those who got out of milk production between 1984-92 had been supplying less than 10,000 gallons per annum. Even then, the average output of the remaining suppliers, at 18,209 gallons, remained below the 20,000 gallons considered necessary to achieve economic viability. In fact, only 30% of producers exceeded that figure, with 43% continuing to supply less than 10,000 gallons. Only 63 farmers reached the 20,000 gallons viability threshold between 1984-92, compared with the 1,182 who got out of dairying entirely in the same period.

In addition to small scale of production, the dominant characteristics of those ceasing milk production are that they tend to be elderly and have no successors: almost one half of sub-10,000 gallon suppliers who abandoned milk production after 1984 were unmarried. However, the demographic structure of those remaining in dairying in 1992 continued to show cause for concern, with almost 40% (including a quarter of those supplying over 20,000 gallons) having no apparent successor. All in all, it is estimated that up to two-thirds of dairy farmers in Monaghan are at risk of leaving milk production, and that 40% will actually do so by the early part of the next decade. Added to those who have already left since 1984, this would amount to an overall decline of 60% in the number of milk suppliers in the county in less than 20 years.

A local case study contained in the Macra na Feirme report covered an area with a population (in 1993) of just 138, representing 51 households, and located some 12 km from the nearest town. In 1970, 40 (three-quarters) of the area’s households were engaged in farming, almost all (37) in dairying. The overall supply of milk from the area more than doubled between 1970-93, due partly to an increase in the number of cows but mainly to a major increase in average output per cow (from 480 to 800 gallons). However, in the same period the number of dairy farms dropped by just over one half to 18. Overall, average output per farm rose from 4,700 gallons in 1970 to over 21,000 gallons in 1993—a more than four-fold increase. Thus, the proportion of community income arising from dairying has grown from 21.5% to 34.4%, but this is now shared by a much smaller group of continuing dairy farmers.

The Monaghan local case study shows indications of greater employment diversification than in Carrigaloe, with six farmers having moved into mushroom growing, although most of those who left commercial milk production opted for suckler cows and, more typically, drystock rearing, both of which give much lower returns per acre than dairying. The availability of off-farm industrial jobs has increased significantly, although this has been almost exactly counterbalanced by the decline in local service workers. Overall, however, there has been a noticeable weakening in the demographic structure of the community, with the total population having dropped by 22% (from 172 to 134) between 1970-93. The main contribution to this decline came from the young dependent population, which declined by one-third in the same period. Thus, while the total number of households fell by just two to 51, there was a noticeable ageing in the remaining population.

Policy responses

Dairying is the only form of farm enterprise which offers the prospect of a reasonable living standard for small farmers in Ireland today. However, such a living standard remains beyond the reach of the majority of small dairy farmers. This will inevitably mean a continued haemorrhage from dairy production, leading to even lower farm incomes and an ongoing exodus from agriculture. While much of the current emphasis in Irish rural development is on farm diversification (including new agricultural product lines, agri-tourism and agri-forestry), the evidence thus far is that such diversification tends to be largely restricted to young, relatively well-educated farmers with access to capital (Commins 1996), characteristics which (particularly in combination) are relatively rare among those who are most at risk of ceasing dairy production. Similarly, while the LEADER programme has been having a significant impact in generating alternative non-farming income and employment opportunities in rural Ireland (Kearney et al. 1994), the evidence here is that those are falling far short of compensating for employment and population losses arising from agricultural contraction. This in turn leads to further erosion of the service base and of social and community life in rural Ireland—which, along with adequate living standards, have been identified by the National Economic and Social Council (1994) as the essential components of an effective policy for sustainable rural development.

The retention of the maximum number of milk suppliers in the farming sector is therefore of crucial significance in maintaining the socioeconomic viability and sustainability of small-farm dairy communities in Ireland today. This requires measures to assist potentially viable dairy farmers to acquire the additional resources they need to encourage them to remain on in dairying. These include extra land, expanded milk
quotas and dairy herds, improved equipment and facilities, and enhanced technical abilities to exploit these resources to their maximum potential. A first step in this direction would be the provision of special aid (grants and low-interest loans) to allow remaining small dairy farmers to upgrade their facilities, to purchase, or lease (on a medium- to long-term basis) available quotas, and to expand their dairy herds. A potentially important step in these directions has been the recent introduction of a subsidy scheme to help small milk producers to purchase additional quotas, in conjunction with parallel measures to give dairy farmers in disadvantaged areas priority access to quotas made available when other farmers in their localities cease production (Commens 1996).

There is also a need for a pro-active input from the state agricultural advisory service in order to upgrade the skills and technical abilities of small dairy farmers, among whom education and training levels have traditionally been low. This would reverse the trend of recent years, where the state advisory service has become increasingly commercial in its orientation, responding to the needs of larger farmers who are prepared to pay for the service, and more or less abandoning the small farm sector as having little long-term future. A gesture in this direction was made in the Operational Programme for Agriculture, Rural Development and Forestry 1994-99 (part of the Community Support Framework for the disbursement of EU Structural Funds to Ireland), where provision was made for a farm viability service focusing on small farms. However, the resources devoted to this scheme are quite meagre relative to the overall funding envisaged by the Operational Programme (Commens 1996).

Many small dairy farmers will nevertheless still not be in a position to expand their operations unless they are able to expand the area of their farms via purchase or long-term leasing of additional land. Such farmers are generally unable to compete with larger farmers on the open market for land. This points to the need for an effective land policy which will give favoured treatment (via appropriate forms of financial assistance) in the acquisition of available land to younger (and suitably trained) farm operators in particular (including new entrants to farming). The type of land policy which had been operated by the Land Commission (abolished in the 1980s) had become discredited by bureaucratic inefficiency and political interference, while the Farm Modernisation Scheme introduced by the then EC in 1975 proved largely ineffective in small farming areas, due mainly to the absence of adequate numbers of Development Farmers (the main focus of the scheme) in these areas and insufficient incentives to attract a significant uptake of the parallel Farm Retirement Scheme. While the report of the Interdepartmental Committee on Land Structure Reform (1978) advocated intervention in the land market in order to channel available land in the interest of land reform (a proposal which was accepted in principle by the government of the time), in fact no government since then has had the stomach to tackle the land structure question and, with the subsequent political shift towards deregulation and market orientation, this question has been taken off the policy agenda (Commens 1996). Thus, in the recent National Economic and Social Council (1994) report on rural development, the question of land structure reform is hardly broached at all, the main emphasis being on farm diversification and the expansion of non-farm employment opportunities in rural areas.

Even with the kinds of policies advocated here, it is inevitable that there will be a continued substantial contraction in the number of dairy farmers for reasons mainly related to inadequate resources and age structure. Older farmers without successors should be encouraged to retire, and a policy is required to give younger qualified local farmers favoured access to this land, either through purchase or leasing. Younger farmers with little prospect of making a go of dairying should be encouraged to switch to alternative enterprises while undergoing training for appropriate forms of off-farm employment likely to keep them in the area. In this respect, the LEADER and similar programmes need to focus part of their attention to the specific needs of small farmers.

In the case of Clare, even with the policy measures being recommended here, it is estimated that 35% of the current population of dairy farmers in the county will eventually leave dairying; however, this will still leave almost twice the number which is likely to survive based on a continuation of current policies. The total cost of a package of subsidies and grants required to allow the maximum number of potentially viable dairy farmers in Clare to remain in dairying was estimated by Mannion et al. (1998) at €115 million. Given the alternative cost of supporting the more than 700 farmers who would otherwise have to leave dairying, and the social and economic benefits to the communities concerned of maintaining the farm population at a higher level than would otherwise be the case, this is considered to be a worthwhile investment.

Conclusion

As observed at the outset, one of the conventional arguments in favour of agricultural cooperatives has been that they provide the small producer in particular with a degree of protection and countervailing power in their transactions with input suppliers and with the downstream processing and marketing sectors. However, the image of the cooperative as the protector of the small producer has long been obliterated—as have the small producers themselves, to a considerable extent. This may be attributed in part to the increasing control of cooperatives exercised by
professional managers whose primary concerns are growth and profitability rather than the welfare of their weaker members (Tovey 1982; Curtin and Varley 1992).

However, undoubtedly of greater importance is the power of market forces in a situation of growing competitiveness in European and world markets. In this situation, the very survival of cooperatives is seen as being dependent on increased efficiency which in turn is seen as requiring the elimination of those suppliers who are regarded as being incapable of reaching the desired levels of efficiency. In this respect, once again, the Irish experience simply reflects international trends. As Wallace (1985: 501) has observed:

The formation of agricultural cooperatives has long been a favoured response to the difficulties encountered by small- to medium-sized farmers in their dealings with the rest of the economy. However, their theoretical benefits as non-capitalist institutions are realised only infrequently and the more successful they are as businesses, the more they tend to reinforce the prevailing market forces favouring large operators.

A major problem for the Irish dairy cooperatives is that, notwithstanding the advanced stage which the process of amalgamation has reached, even the largest of them remain small relative to their major European competitors. In 1990, the largest Irish cooperative had a turnover only one-third and one-half that of its Dutch and Danish counterparts, respectively (Irish Times, September 20, 1991). While the big Irish cooperatives have undergone considerable expansion in recent years, this has mainly been achieved through a process of overseas acquisitions (Breathnach 1996). More significantly, in order to fund this expansion, most of these cooperatives have sold off substantial portions of their share capital to private investors. This inevitably entails that their decision-making will be less concerned with the needs of their members-suppliers, and increasingly concerned with the needs of these private investors (i.e. profit level and share price).

It is clear, therefore, that little assistance for the plight of small dairy farmers will be forthcoming from the large cooperatives which dominate the processing of milk supplies in Ireland. It suits the interests of these cooperatives to concentrate milk production in the hands of the largest and most efficient suppliers. This in turn has serious implications for the small-scale dairy farming sector and the regions in which this sector is concentrated. This is not simply a question of agricultural change since, as we have seen, the rapid contraction in the numbers of small dairy farmers in areas where they previously predominated has far-reaching social and economic ramifications beyond the immediate farming community. It is essential, therefore, that the structural problems of small dairy farmers should be regarded not just as an agricultural problem, but as a crucial consideration for rural development policy in general. Accordingly, it seems appropriate that these problems should occupy a central position in the Area-Based Integrated Development Strategy advocated by the National Economic and Social Council (1994) as the basis for future rural development policy formulation and implementation in Ireland.

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19 Addressing the sustainability of rural populations: Migration trends in the Republic of Ireland, 1971-1991

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Introduction

Recent discussion relating to the sustainability of rural systems has devoted considerable attention to the potentially deleterious effects on human health and on physical environmental quality of high-intensity methods of agricultural production (Commission of the European Communities 1992). The sustainability of rural economies during the transition from labour-intensive Fordist to capital-intensive, knowledge-based, post-Fordist methods of production, which seek proximity to scientific expertise and major markets, also receives attention in European Union (EU) and national government-funded initiatives such as LEADER (Champetier 1992). Relatively less attention is devoted in current debates to the demographic aspects of sustainability, although population retention is undoubtedly an underlying objective of many rural development initiatives. The maintenance of viable economies in rural areas requires that critical population masses which include the economically-active age groups, who play a special role in generating enterprise, maintaining birth rates and providing a basis for social action, are retained (Whitby and Povey 1995). In any particular national context, it is important for effective economic and social planning that population trends are monitored and that inter-area variations are identified. It is known that demographic structures are becoming increasingly differentiated between rural areas with implications for the capacity of different populations and areas to benefit adequately from any development measures that may be introduced. There is evidence forthcoming from several Western European countries of a close association between rural regeneration and proximity to large centres of population (Hoggart.