

# Farm incomes during EU membership: Continuity and Change

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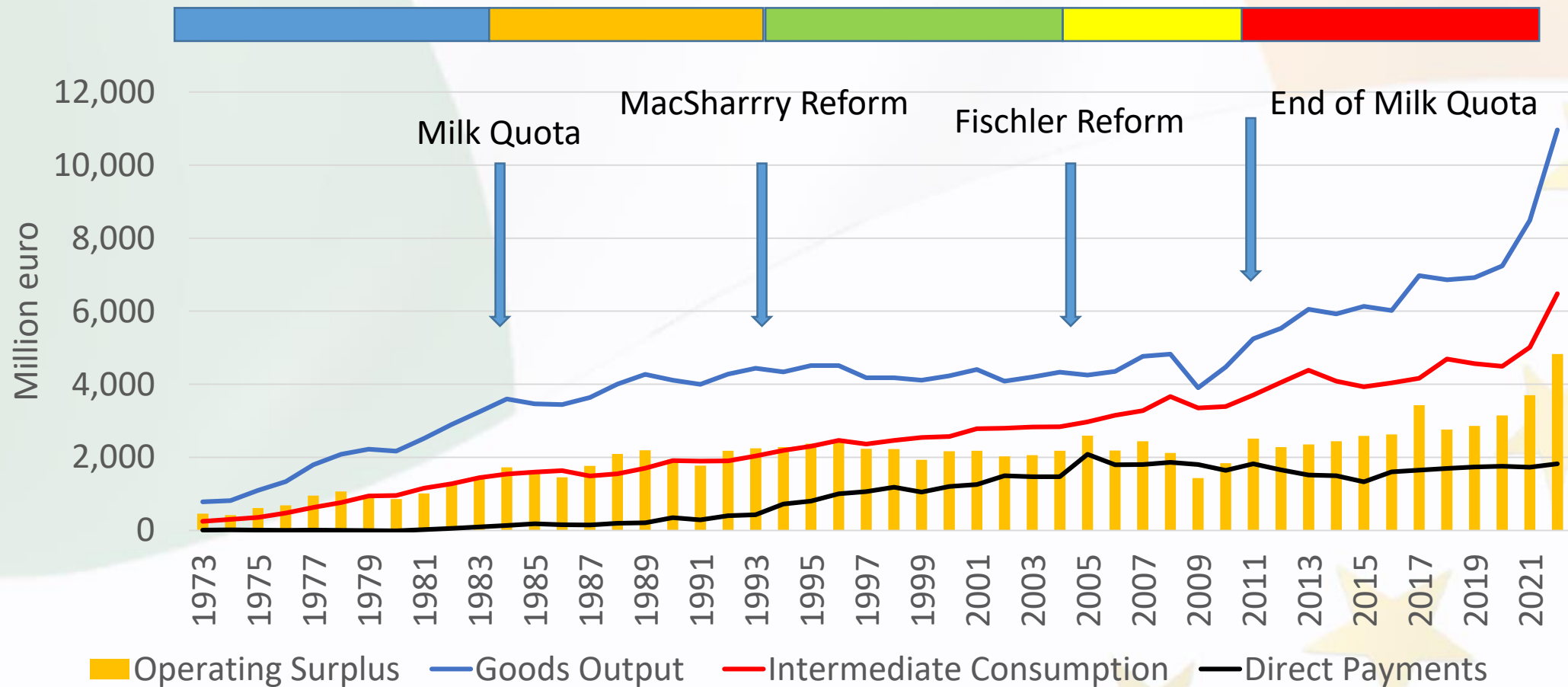
# Objectives

- To summarise developments over period 1973-2022 in Irish agricultural sector and farm incomes
- Wider societal and economic developments were important and the EU was/is at heart of these as well as at the heart of agricultural policy
- Absence of counter-factual makes it difficult to definitively answer the question of “what has the EU done for us?”

# Structural Change in Agriculture 1973-2022

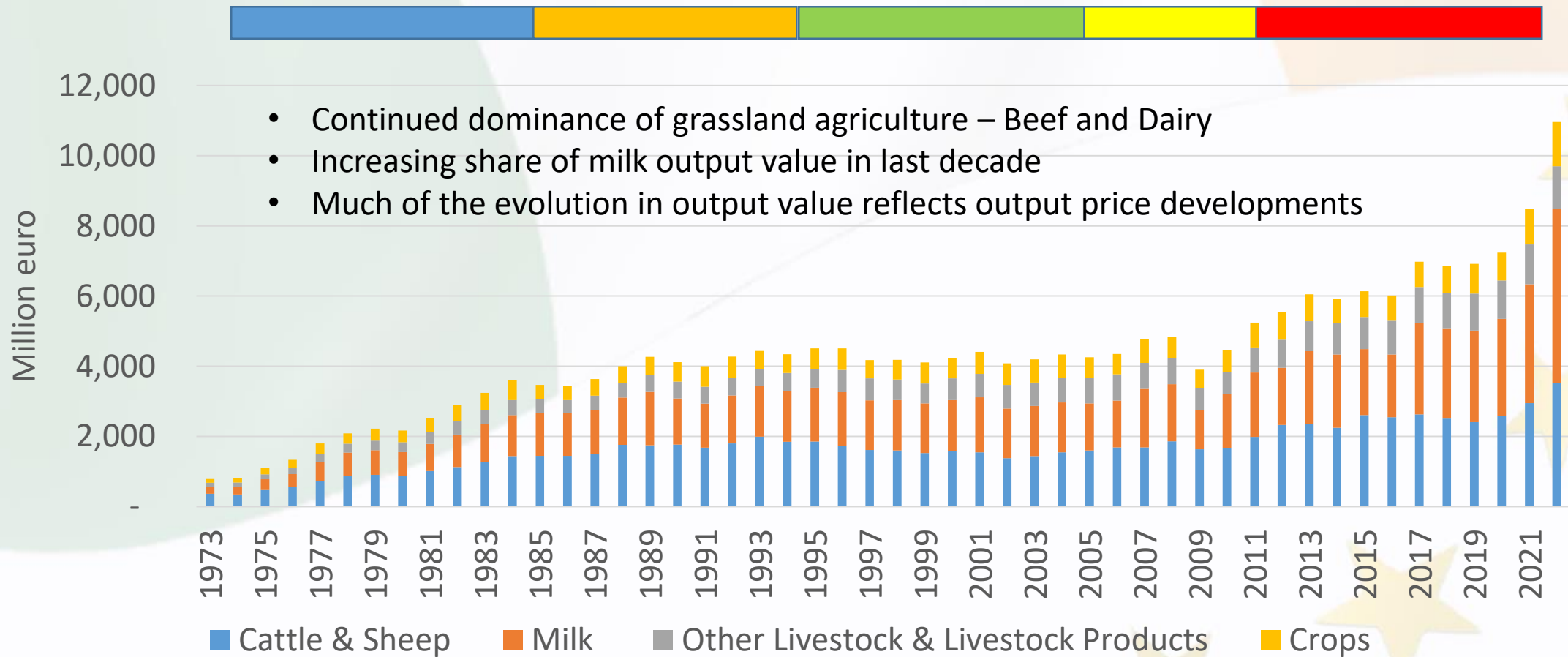
- Decline in the number of farms
  - from 220k (1975) to 135k in 2020
- Increased dominance of specialised farming systems
- Increases in average farm size
- Dramatic divergence in evolution in average farm size across different farm systems

# Output, Input (Subsidies) and Income in Agriculture



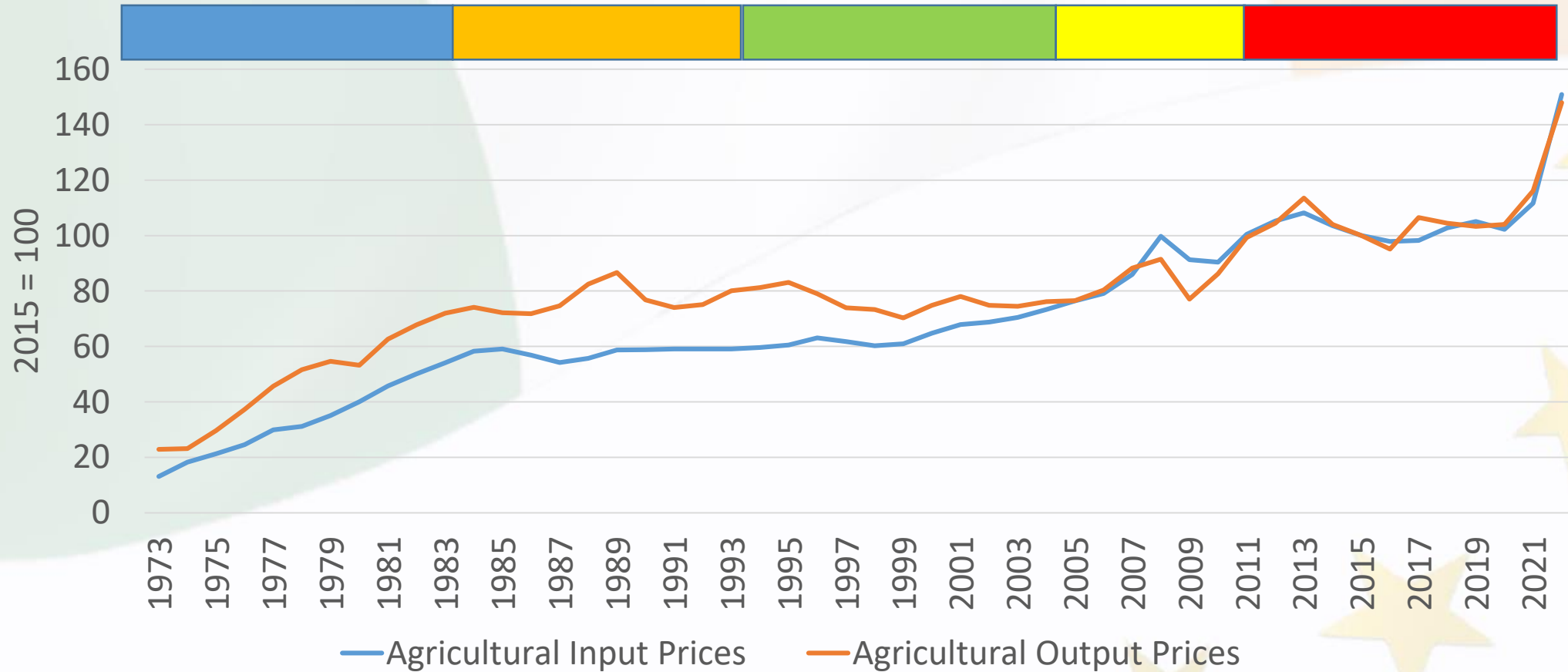
Source: CSO  
ASBA & AEA01

# Irish Agricultural (Goods) Output Value 1973-2022



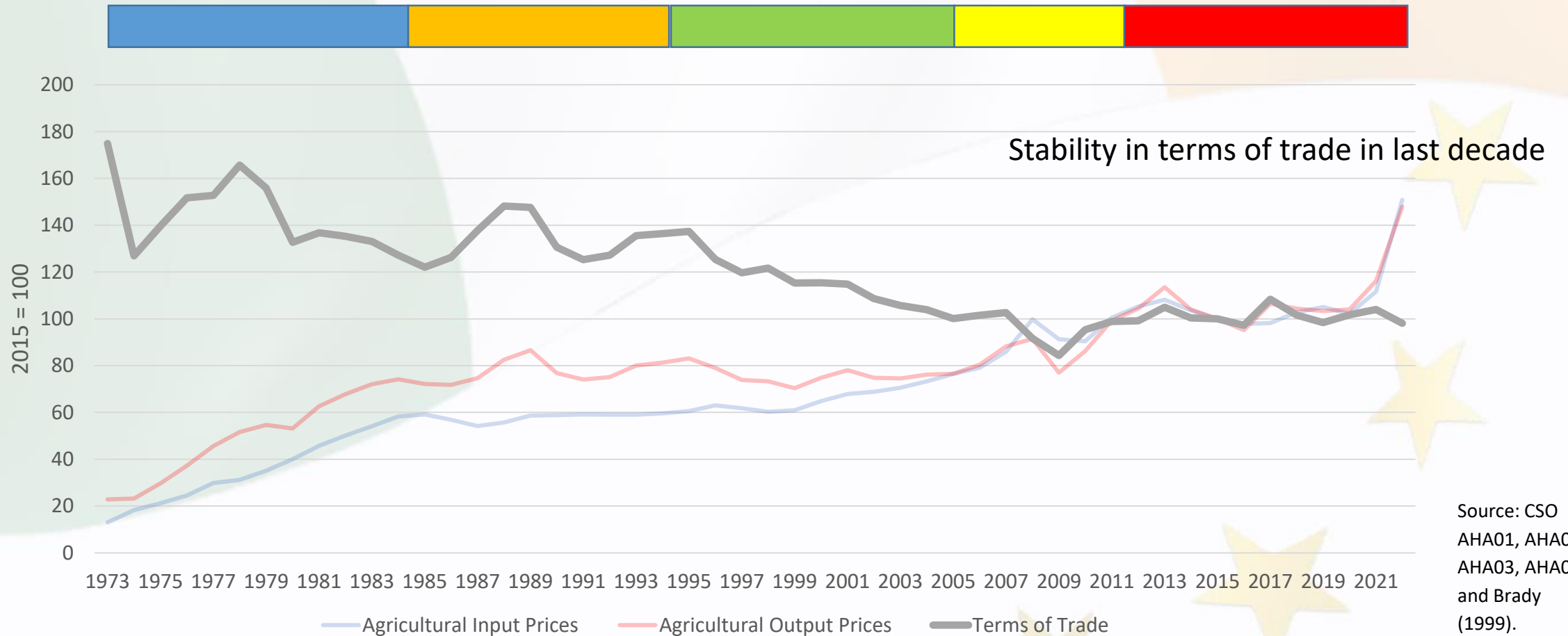
Source: CSO historical dataset ASBA (Brady, 1999) and CSO AEA01

# Agricultural Input and Output Price Indices (2015 = 100)



Source: CSO  
AHA01, AHA02,  
AHA03, AHA04  
and Brady  
(1999).

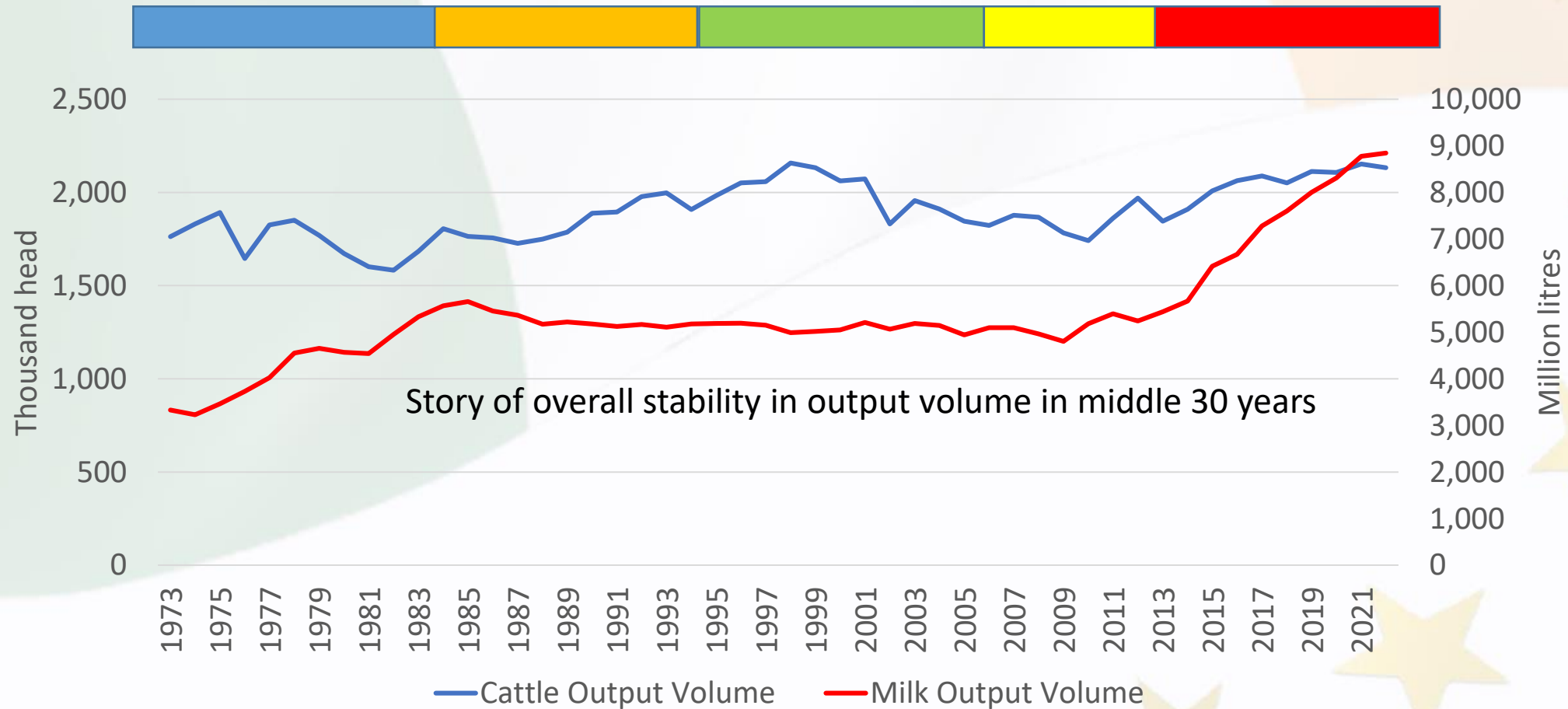
# Declining “Terms of Trade” 1973-2022 (2015 =100)



Source: CSO  
AHA01, AHA02,  
AHA03, AHA04  
and Brady  
(1999).



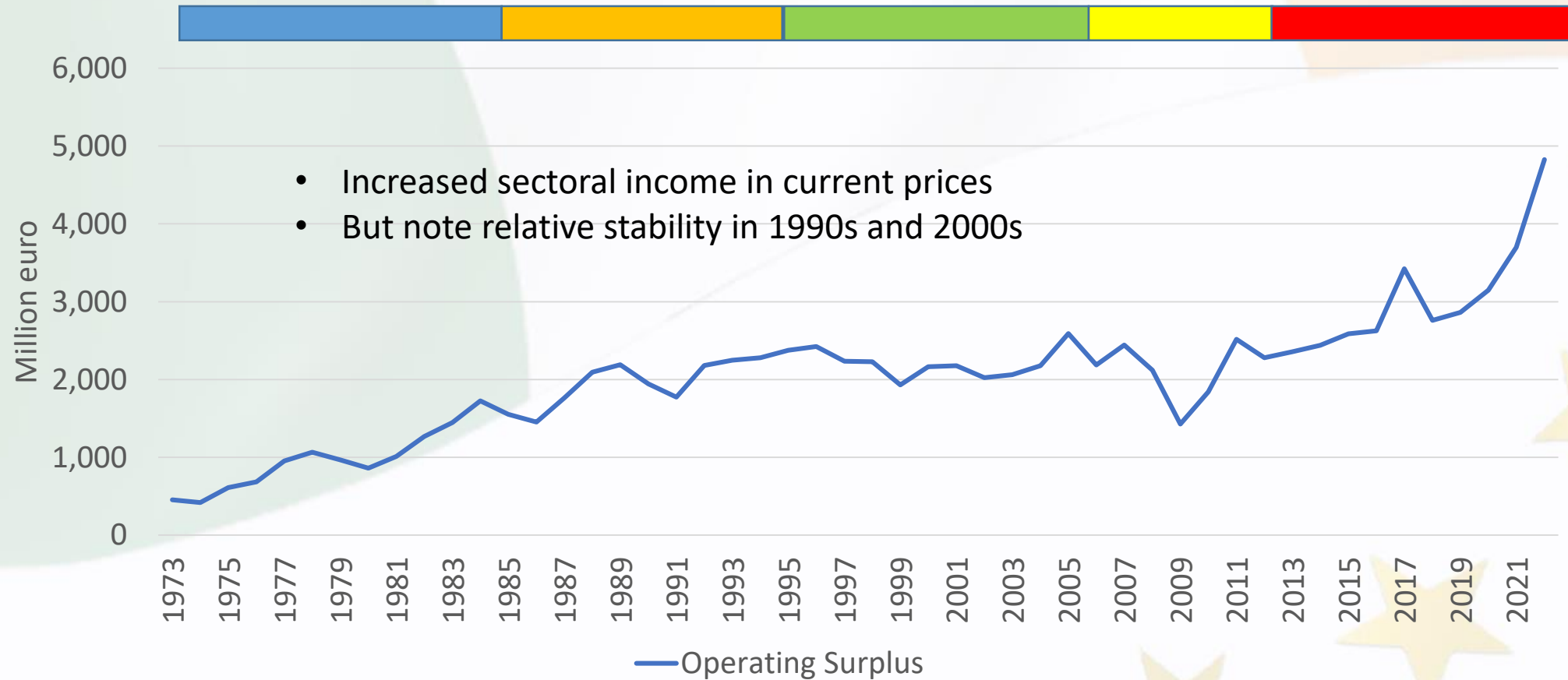
# Cattle and Milk Output Volume 1973-2022



Source: CSO dataset ASBA and CSO AEA02.

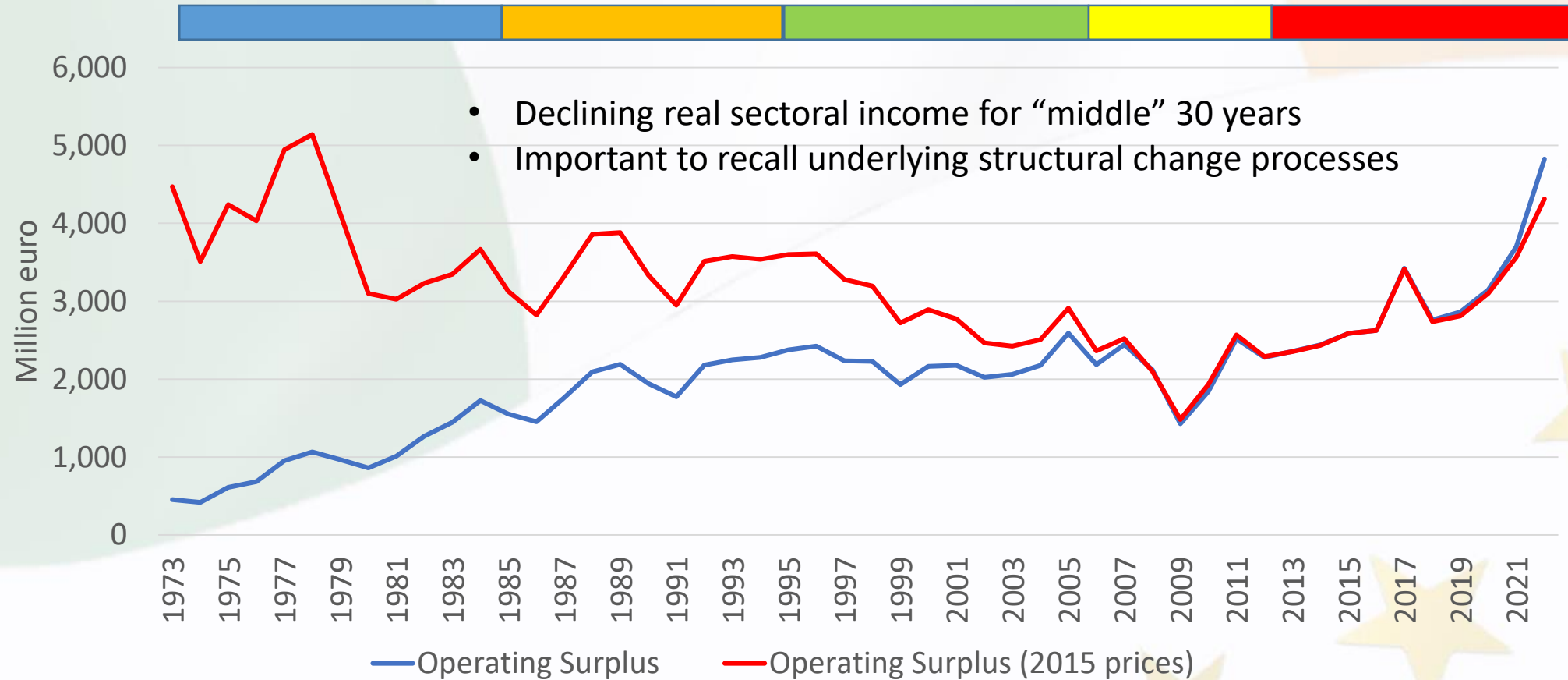


# Agricultural Sector Income: Nominal



Source: CSO datasets ASBA, AEA01 and CPA04 and elaborations thereon.

# Agricultural Sector Income: Nominal and Real

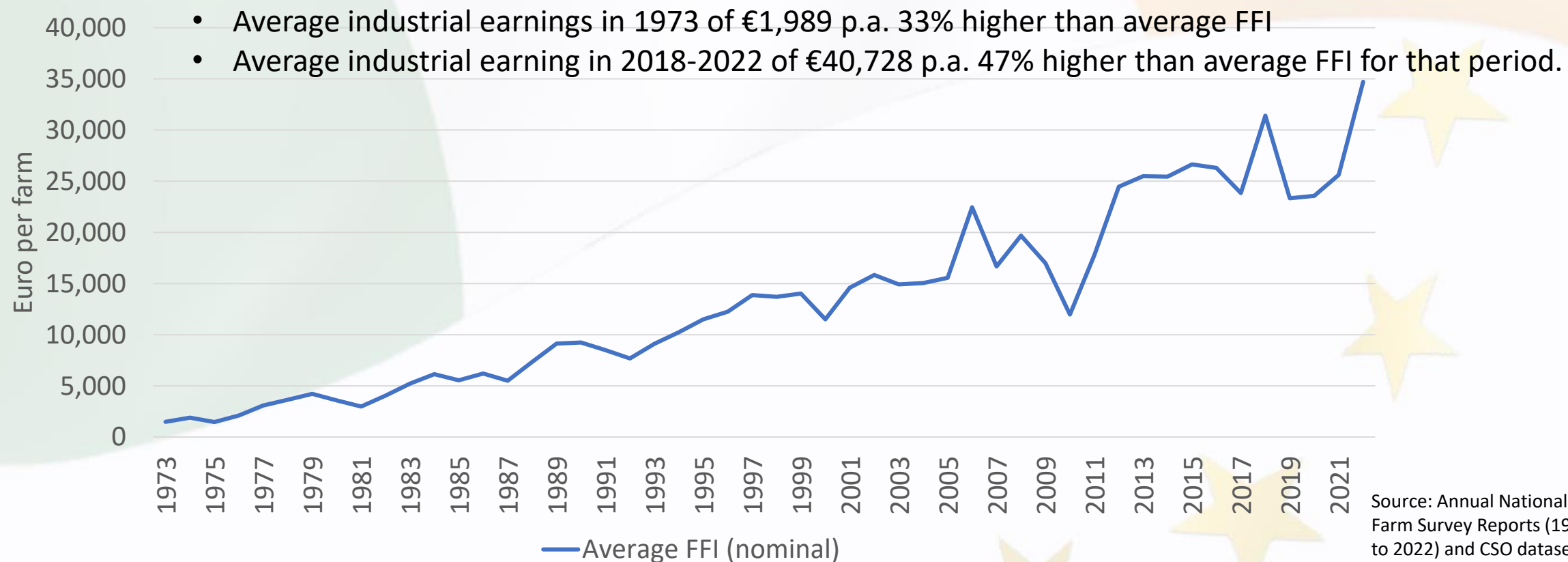


Source: CSO datasets ASBA, AEA01 and CPA04 and elaborations thereon.

# Farm Income Performance using NFS data

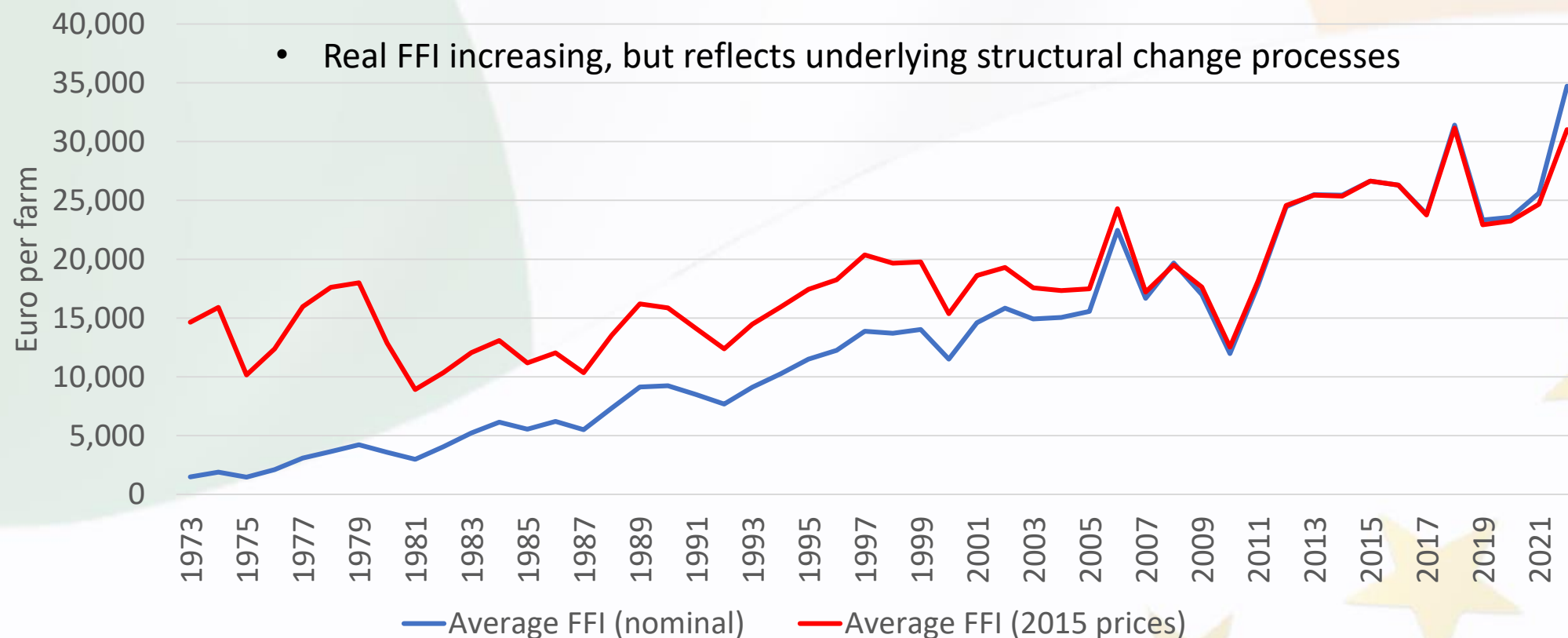
- NFS running since prior to accession in 1973
  - Generations of farmers who have voluntarily participated in the NFS
  - Dedicated team of professional Teagasc farm recorders
- Family Farm Income concept
  - Economic surplus from the farm business left to remunerate unpaid family labour and capital used in the farm business
  - Includes all CAP direct payments
- All results reported are system averages – reveals but also hides

# Average Family Farm Income (FFI) per farm 1973-2022



Source: Annual National Farm Survey Reports (1973 to 2022) and CSO dataset CPA04.

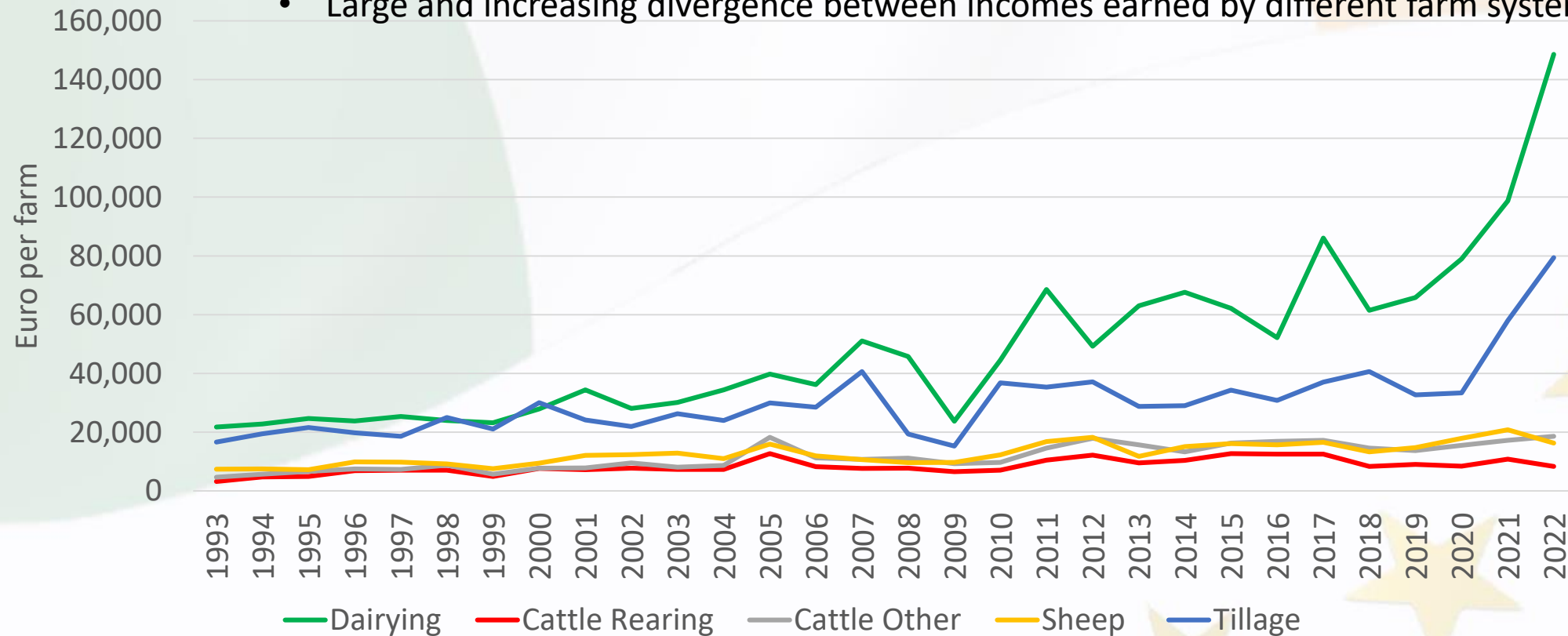
# Average Family Farm Income (FFI) per farm 1973-2022



Source: Annual National Farm Survey Reports (1973 to 2022) and CSO dataset CPA04.

# Average Family Farm Income per farm by NFS Farm System 1993-2022

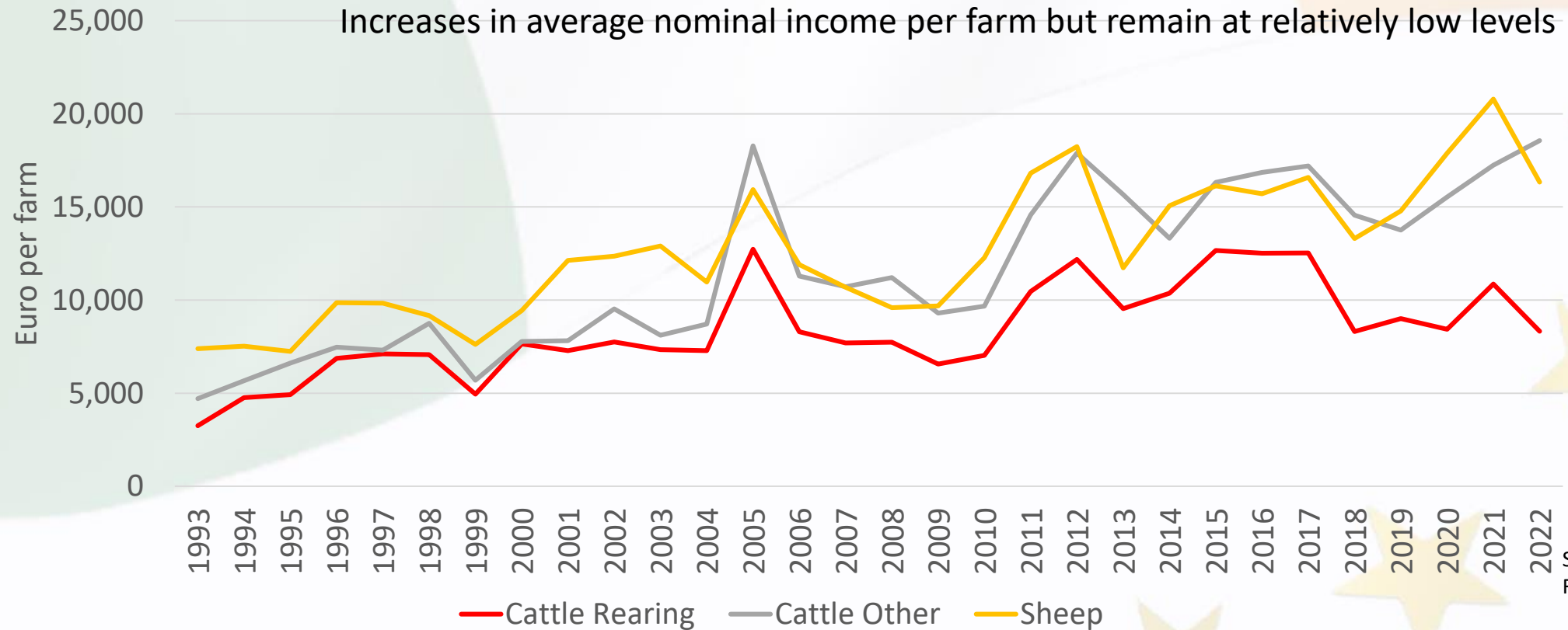
- Large and increasing divergence between incomes earned by different farm systems



Source: Annual Farm Survey Reports (1973 to 2022)



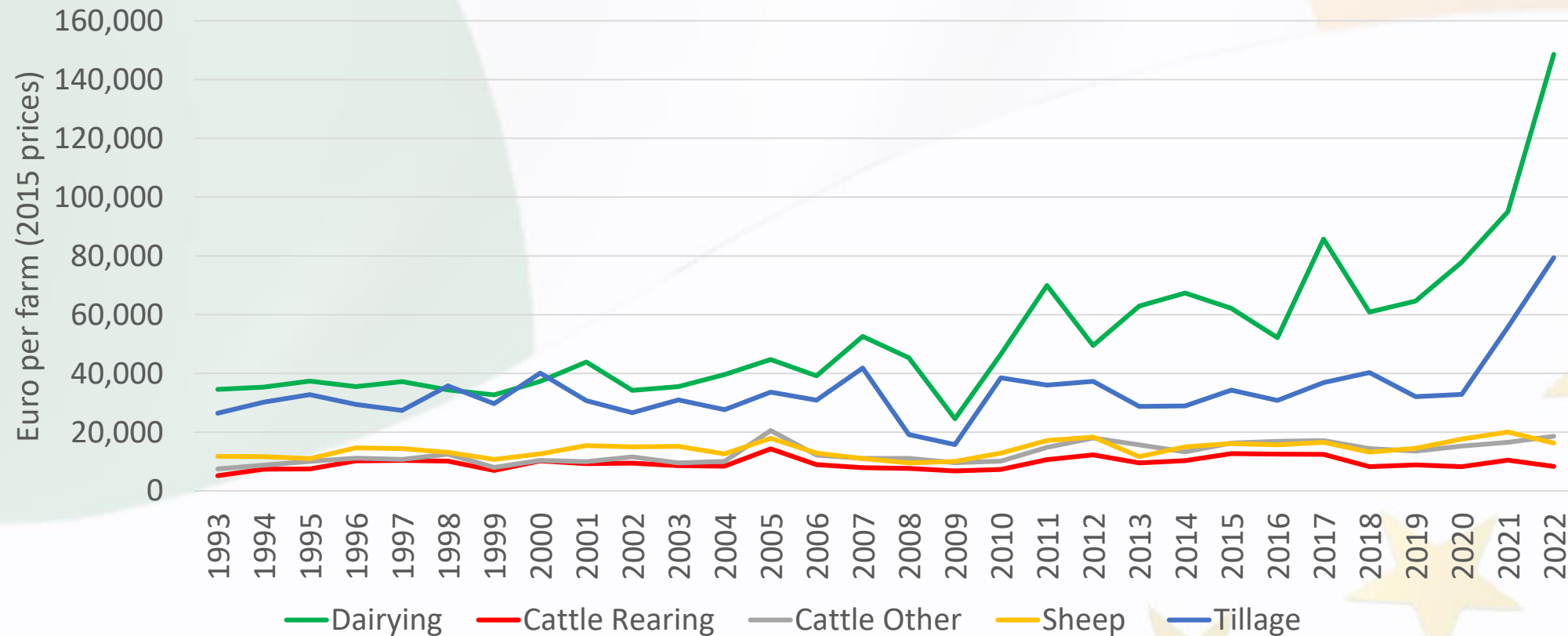
# Average Family Farm Income per farm by NFS Farm System 1993-2022



Source: Annual Farm Survey Reports (1973 to 2022)

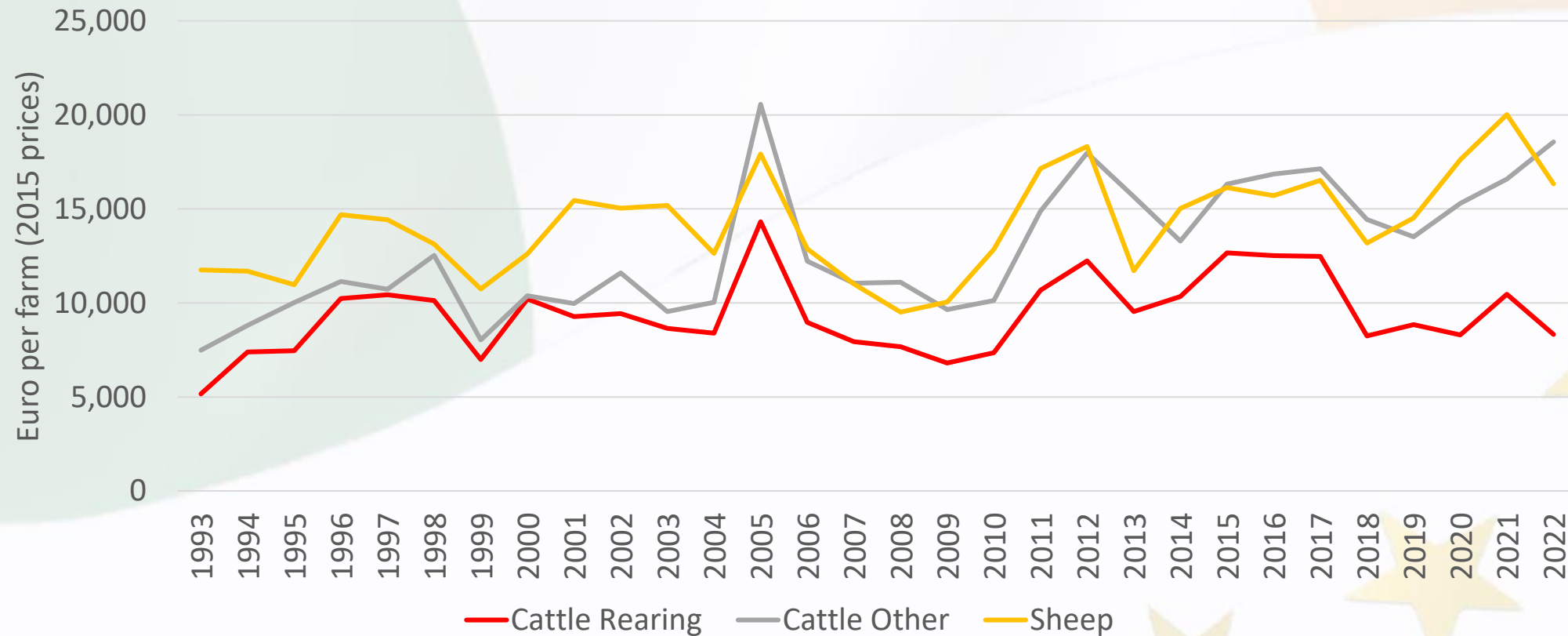


# Average Real Family Farm Income per farm by NFS Farm System 1993-2022



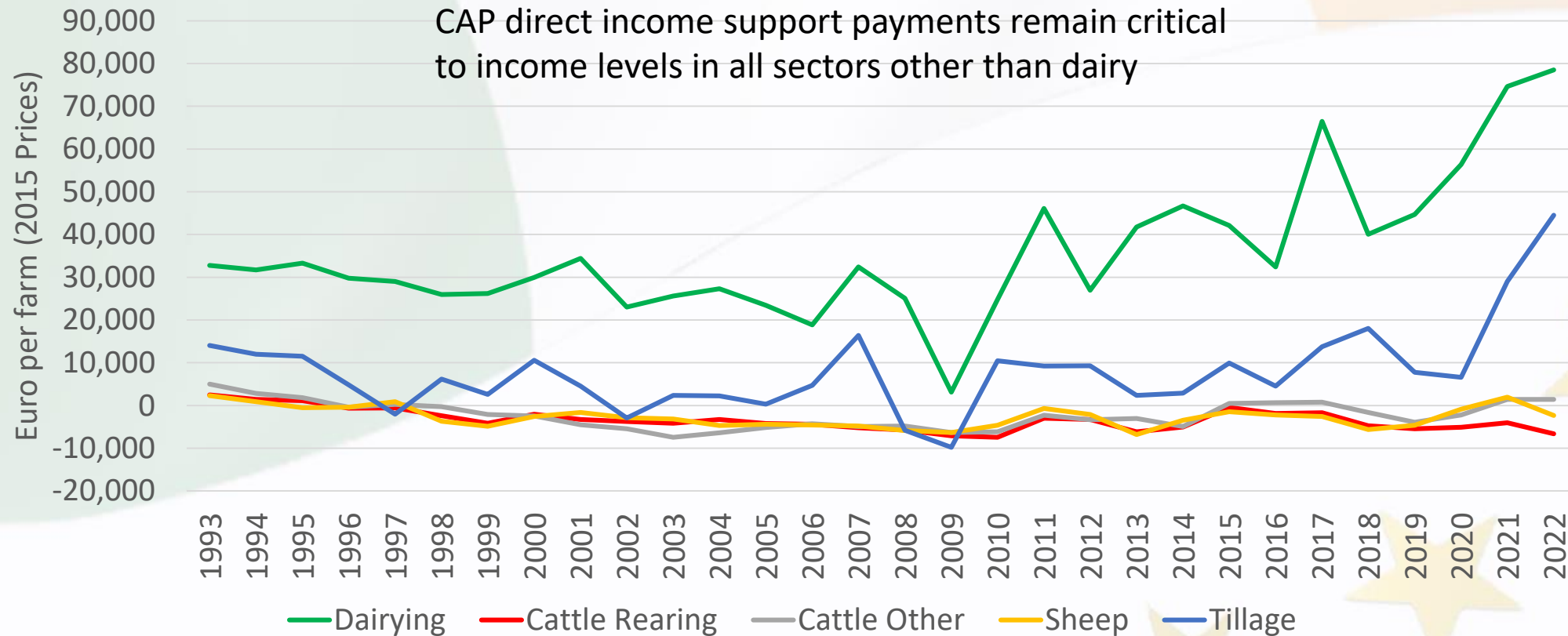
Source: Annual Farm Survey Reports (1973 to 2022) and CSO CPA04

# Average Real Family Farm Income per farm by NFS Farm System 1993-2022



Source: Annual Farm Survey Reports (1993 to 2022) and CSO CPA04

# Real FFI less Direct Payments by Farm System



Source: Annual Farm Survey Reports (1993 to 2022) and CSO dataset CPA04.

# Continuity and Change in Irish farm incomes

- Irish farming continues to be dominated by dairy and beef production
- Since 1973 total farm numbers declined and labour left agriculture
- Farming in Ireland became more specialised and average farm size increased
- Divergence between the average economic performance across farm systems
- Structural developments reflect market and agricultural policy developments
- Strongly influenced by wider developments in the Irish economy & society

# Continuity and Change in Irish farm incomes

- EU policy and access to EU markets central to the development of Irish agriculture and of the wider Irish economy and society
- 50 years can be broken into 5 phases related to key CAP reform events
  - Accession/Milk Quota/MacSharry Reform/Fischler Reform/End of Milk Quota
- Following real growth in output volume in the initial decade of membership the middle three decades saw very little change in output volume and falling terms of trade offset by increased reliance of farm and sectoral incomes on CAP subsidies
- Last decade has seen growth in volume of output and increases in real sectoral and average farm incomes for the first time since the 1970s

# Continuity and Change in Irish farm incomes

- Farm incomes (nominal and real) at a farm system level have diverged dramatically
- Average incomes have grown on all farm types but the rates of growth per farm on drystock farms have significantly lagged behind those on dairy and tillage farms
- In real terms incomes per farm on all farm systems have been stable with the only system with consistent growth being the dairy system
- Growth in real dairy incomes based on both increased farm size & productivity per ha
- This combination of structural change and productivity growth seems necessary
- Challenge for the future policy is how to balance the income objectives of agricultural policy with environmental and social sustainability objectives