COMPARING RURAL DEVELOPMENT STRATEGIES IN FOUR IRISH COMMUNITIES, 1930–2005

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23 Mary Murphy (2008), *Reframing the Irish Activation Debate: Accommodating Care and Safeguarding Social Rights and Choices*
24 Walter F. Kuentzel (2008), C*omparing Rural Development Strategies in Four Irish Communities, 1930–2005*

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Contents

List of figures and tables

Executive summary

This research analyses change and adaptation in four Irish rural communities that have followed distinct paths of rural transition from localised market towns to participants in a global economy. Three of the four study communities – Ballaghaderreen in County Roscommon, Cashel in County Tipperary and Millstreet in County Cork – were traditionally agricultural market towns. A fourth community – Castlecomer in County Kilkenny – was a market town that serviced the needs of people in the local coal mining district. Each community has been subject to accelerating forces of social change – a prolonged post World War II recession, economic reforms during the Lemass years in the 1960s, European Union accession, the benefits and reforms of the EU's Common Agricultural Policy, and rapid industrial expansion during Ireland's 'Celtic Tiger' years.

Each community has responded to these changes in different ways, with a fading reliance on traditional economic activities and ways of life, and the development of new economic activities that are responsive to Ireland's growing influence in the global marketplace. Ballaghaderreen used an agro-industrial development strategy, building export-oriented food processing facilities. Cashel developed a tourism industry around the Rock of Cashel heritage site, which nearly 10% of all holiday tourists to Ireland visit each year. Millstreet successfully recruited 'high-tech' computer and electronics firms to locate assembly facilities in its community. Castlecomer employed a diverse industrial recruitment strategy following mine closure in 1969, attracting a wool processing facility, a caravan manufacturer, an engineering firm, and a brick manufacturer. This study used longitudinal data of structural change in communities – such as retail structure, industry structure, demographic structure, and economic output indices – to analyse differences in how effectively communities have adapted to twentieth-century change in Ireland.

The research asked four orienting questions about community change. First, are some development strategies better than others? Can agro-industry provide a viable development alternative as fewer people are employed in agriculture and more value-added

foods are produced for export? Is 'high tech' industry, which requires a high-skilled, well-educated work force, better than 'low tech' or 'any tech' industry for rural communities? Second, what role does the service-sector economy play in a globalising Ireland? As more manufacturing is relocated to various Asian and developing countries in a newly emerging global division of labour, can service-sector industries provide sufficient alternatives for rural areas? Can service-sector industries such as tourism help diversify local rural economies that traditionally relied on primary industries such as agriculture or mining? Third, how has the state enabled or constrained rural economic development? Irish government, by design, operates from a top-down command and control framework where resources from central government are channelled in a variety of ways through ministries to regional authorities and county councils. To what degree has state assistance energised local development efforts by providing appropriately targeted training and/or capital? Conversely, to what extent has state assistance hindered local adaptation by creating an entitlement mentality among recipients? Finally, what is the role of local initiative in Irish rural development? How do Irish communities initiate an entrepreneurial climate in a predominately top-down system of government? How do they organise and perpetuate a more proactive approach to adaptation? And does such a localised development strategy really allow them to 'take charge' of their future?

The results showed that between 1930 and 1960 the fortunes of each town generally followed national economic trends. Businesses declined slightly in three of the four towns during the early 1930s when Ireland was locked in a trade war with England from 1932 to 1938. But as World War II approached, each of the four towns showed increases in the number of businesses, particularly as wartime scarcity increased agricultural and coal prices. Between the mid-1940s to the end of the 1950s, businesses in the four towns remained stable, reflecting the general stagnation/recession of the Irish economy.

The data show that the 1960s were the beginning of the market town transition when new agricultural modernisation policies were introduced as part of the Lemass economic reforms. For two of the towns (Ballaghaderreen and Cashel) the move towards more modernised farming practices was initially a favourable transition,

when the number of businesses increased in both towns by 20% and 25% respectively during the decade. For Millstreet the changes were not favourable, beginning a fifteen-year 30% decline in the number of businesses in the town. In Castlecomer the 1960s saw declining profits in the coal mine with eventual closure in 1969. However, active industrial recruitment by central government on Castlecomer's behalf had produced almost a 50% increase in the town's businesses by the time the mine closed.

These gains and losses in town businesses were sustained through much of the 1970s and 1980s. However, with the recruitment of electronics industries to Millstreet, the town realised a 70% increase in its businesses between the mid-1980s and 2000. Changes in the other three towns, however, were not associated with the development of their primary industries. Ballaghaderreen's modest increase in businesses during the 1990s came from an increase in local construction companies. Castlecomer has seen a slow decline in businesses since the 1980s, even with the surge of the 'Celtic Tiger'. And Cashel saw a decline in town businesses even as tourism to Ireland was booming; only recently rebounding in the late 1990s.

The results suggested that industrial recruitment as a development strategy has an ambivalent effect on rural communities, moderated by a variety of local conditions. The recruitment of electronics industries to Millstreet appears to be associated with a renaissance in the community, though the roots of community vitality may have already been in place with a strong entrepreneurial climate and sense of community identity. The development of agro-industry in Ballaghaderreen mostly occurred after the growth in the community's retail sector, although its presence has sustained the town for the past forty years. State-sponsored industrial recruitment in Castlecomer bailed the town out of the proverbial 'bust' condition when the mine closed. However, the mix of industries has not been sustainable for the community since the 1980s. Finally, Cashel has been unable to capitalise on its potential as a tourist town, having relied as much on state-run healthcare facilities and some recent pharmaceutical companies located in the town.

The results indicate an ongoing tension in Ireland between strong central government support in rural development and the willingness and ability of local residents to generate entrepreneurial

initiative. Ireland has created an effective system of social support from central resources. Yet support without local initiative can breed entitlement. The paper closes with discussions about the policy implications of community asset building through local initiative.

Acknowledgements

It is an intimidating task to travel to a new country, spend what amounted to roughly a year and a half living there, and then to write authoritatively about its rural communities. To those who live in these communities I can only hope that most of my stories, observations and conclusions about the places they call home are up on the green and somewhere near the hole. I found rural Ireland to be one of the most welcoming places I have ever visited. In each town I studied, the people I met made it easy for me to step beyond the American tourist role and move as far into the participant observer role as I cared to go. Field work in American rural communities sometimes feels like an imposition on respondents' time. In Ireland people were more often appreciative that someone was asking about life in their community. So I am especially grateful to all those community residents who so graciously welcomed me, and who took the time to tell the stories of their community. If some of my conclusions sound like pitches into the rough or hooked shots out-of-bounds, the fault is my own and not theirs.

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1

Rural decline or community adaptation?

1.1 Introduction

In 1999 the Department of Agriculture and Food[1] articulated a vision for rural development in Ireland that advocated 'vibrant sustainable communities…[where] individuals and families will have a real choice as to whether to stay in, leave or move to, rural Ireland' (Department of Agriculture and Food, 1999: 19). This represents a bold vision of change in a nation with a 150-year tradition of emigration. Since the famine the only choice for rural Irish residents was whether or not to leave. The decisions to stay in, or immigrate to rural Ireland, when viable opportunities existed elsewhere, are choices that have emerged only in the last fifteen to twenty years.

This is also a bold vision given the often bleak story that has been told about those who stayed in rural Ireland. The handful of ethnographic studies conducted in Irish rural communities (see for example Arensberg and Kimball, 1940/2001; Brody, 1973) describe forces of change that have disrupted the existing values, behaviours, and culture of rural Irish residents. A variety of 'pathological' descriptors have been used to describe changes in Irish rural communities such as 'crisis of modernity' (Arensberg and Kimball, 1940), 'decline of community' (Stein, 1964), progressive 'individualisation' (Curtain, 1988), 'demoralisation' (Brody, 1973), and 'psycho-cultural decline' (Scheper-Hughes, 1979). Together, these characterisations of 'social disorganisation and collective anomie' (Peace, 2001) describe the *loss* of a traditional and sometimes idealised way of life in rural Ireland.

Most of these ethnographic accounts provide elegant and insightful case studies that describe the details of everyday Irish rural life. Yet, given the deteriorating vectors of change that these studies document, why are there not more 'ghost towns' across the landscape? One can, of course, observe thousands of abandoned farmhouses scattered throughout the Irish countryside. Yet, many

[1] Renamed the Department of Agriculture, Food and Rural Development in 2000

people have made the choice to stay in rural Ireland. They have consolidated and refined their sense of community identity (Peace, 2001) and adapted their everyday efforts to carve out viable livelihoods in Irish rural communities. They have persevered in their choice to stay, and may be poised on the brink of the most significant change in 150 years: Irish rural places as desirable and sought after places to live, work and play.

This study of rural places in Ireland, like many before it, is a study of change. Unlike many others, however, it is not a story of loss or decline. It instead is a story of adaptation. It tells the story of adaptation not because the conclusions of earlier studies were wrong. The horizons of rural futures have certainly appeared gloomy in the past, especially when externally generated change purges any sense of local control. Yet, even in powerlessness, there is persistence. Rural people have had no other choice but to find new paths to effectiveness. During early development of the Irish Republic, rural adaptations have been fitful and sometimes characterised as a process of 'hanging on'. The vision statement articulated by the Department of Agriculture and Food (1999), however, represents a revised interpretation of the rural adaptation process. It reflects a shift in public perceptions about rural places largely unrecognised in earlier studies of rural Ireland: a shift from thinking about rural places as *resource rich landscapes*, where timber, soil, water, or minerals were extracted for economic gain, to rural places as *amenity rich landscapes*, where aesthetic, environmental, and lifestyle qualities govern everyday life.

1.2 Adaptation to change

This study, then, examines how rural Irish communities have adapted to change. Ireland, like most places, is not without its share of twentieth-century change. Some of the more influential events include:

1) the decline of the landlord system and the rise of the small yeoman freeholder
2) the troubled beginnings of the Irish Free State
3) de Valera's and Fianna Fáil's economic policies of 'frugal comfort' and domestic self-sufficiency
4) World War II, Irish neutrality, and 1950s economic stagnation during post-War European reconstruction

5) the Lemass economic reforms of the 1960s
6) EU accession and the Common Agricultural Policy (CAP)
7) CAP reform of the 1980s and 1990s
8) the 'Celtic Tiger'.

Events and episodes such as these have created both challenges and opportunities. On the one hand they can conspire in many ways against the stability of traditions, occupations, and life chances of many rural residents, as past studies have demonstrated. At the same time however they can present opportunities for rural development depending on the specific configuration of local natural resources, available capital, and initiative. Either way, residents in rural places have found ways to 'get on', both in spite of and because of the uncertainties brought about by social change. Are there lessons then that can be learned from observing the variety of ways that different Irish rural communities have weathered the disruptions and embraced the opportunities?

The adaptive strategies advocated by rural development policies typically entail some balance of local initiative with external support. The usual suspects include *industrial development* and recruitment strategies, which typically rely more heavily on external support and investment. Historically, any industry willing to locate in a rural area was acceptable. More recently, knowledge intensive 'high-tech' industries have been targeted, particularly those that fit within regional and national 'cluster' development schemes. Another common adaptive strategy has been the development of *service-sector industries*, particularly as the 'post-industrial' age advances. For Ireland, tourism development has been a common strategy, which relies more on local initiative and entrepreneurial investment. In concert with business development strategies is the variety of *government support* initiatives that can help ease the adaptive crisis during times of change. These initiatives can include trade protectionism for indigenous industries, price supports for commodity production, grants and low-interest loans, tax havens, research and development, education and training, and infrastructure development and maintenance. Also in concert with these various rural development strategies are programmes designed to encourage local initiative and an *entrepreneurial climate* in specific localities. This strategy

seeks to develop skills among individuals who will be able to envision viable development projects, leverage available resources, and be willing to assume the risks of implementation. This approach seeks to foster a climate that values local knowledge and creativity as the primary engine of local adaptation. Historically, Irish rural adaptation strategies have relied more heavily on the external support part of the development equation and less on local initiative and community resources (Peillon, Corcoran and Gray, 2006). How well then has this mosaic of rural development strategies worked for Irish rural communities faced with the pressures of social change?

This study assumes that rural Ireland is best characterised by heterogeneity. (See Peace's (2001) discussion about the myth of the 'typical' Irish village.) This heterogeneity is perhaps best expressed by variation among rural Irish communities in their ability and willingness to adapt to change. Communities may differ within a variety of dimensions. They may differ in the degree of *social capital* (Coleman, 1988; Flora, 1998) available for co-ordinated adaptive action. For example some communities may be more willing to take risks in their adaptation strategies because they may have a critical mass of entrepreneurs and a greater desire for community collaboration for the greater good. In other communities, consensus about an adaptation strategy (or even the need to adapt) may be difficult or impossible because of competing or feuding factions (Peace, 2001) within a town. Communities may also differ because of the *structural inertia* (Freudenburg, 1992) that is implicit in the history and daily rituals of everyday life. Social and economic arrangements of the past may constrain the present. Historical dependency on a single economic sector can cause communities to over-adapt to the needs of that productive sector (Gramling and Freudenburg, 1992). And when traditional markets decline, over-adapted communities have greater difficulty adapting to new market demands. Some communities (particularly resource extractive communities) even display characteristics of what Freudenburg (1992) calls 'addictive economies' – i.e. an unwillingness to adapt during times of economic 'bust' because they are certain the 'boom' days will return. Communities may also differ in the adaptive *choices* they make. As traditional social and economic structures erode, some communities resort to 'smokestack chasing', or industrial recruitment strategies designed to maximise the number of jobs. In a similar way other

communities will target businesses in the 'high-tech' sector. Others might transition from agricultural commodity production to more value-added food processing businesses. Still others turn to service-sector businesses, most frequently tourism. Communities differ in their ability to mobilise *state resources* (and EU assistance) to aid new development initiatives. Some communities have stronger 'patron-client' relationships with government by virtue of their representative's interests, or the persuasiveness and power of local constituents. Finally, communities differ in the type and quality of *natural and cultural endowments* that surround a given locale. Variation in terrain, soil fertility, scenic amenities, water resources, heritage sites, energy resources, and mineral resources each can directly influence the diversity of ways rural people make a living, and directly contribute to a diversity of adaptation strategies across the Irish landscape.

1.3 Rural development strategies

As a result of this heterogeneity in rural Ireland, the decision 'to stay in, leave or move to, rural Ireland' is moderated by many site-specific factors. This of course makes it difficult to generalise about rural development policy for all of Ireland. Nevertheless this variation does allow the policy analyst to draw conclusions from the juxtaposition and comparison of different adaptation experiences in rural Irish communities. At the outset this research was designed to describe and evaluate a diversity of rural adaptation strategies that can be observed across the Irish landscape. The fundamental question asked by the research is, how well have rural Irish communities coped with social change during the twentieth century? Each town in this study remains economically and socially viable. So how was their path of adaptation aided or hindered by rural development policies and principles? More specifically this research asks four questions about the legacy of twentieth-century rural development in Ireland.

First, are some development strategies better than others? The modernisation of agriculture following the Lemass economic reforms in the 1960s meant that fewer people owned and worked on farms. In response, Irish development policy has successfully relied on industrial recruitment to help sustain rural employment opportunities. What is the effect of industrial recruitment on local communities that have relied on traditional agricultural or extractive

economies? As traditional economies decline, does new industry provide better paying replacement jobs for displaced local labour, or does it attract immigrant labour that may change the identity of the local community? Does 'high-tech' industrial recruitment provide greater advantages for rural communities than other types of industrial recruitment, such as a better educated workforce, growth in satellite businesses, and a more vibrant local service sector? Many Irish rural communities have successfully relied on the development of food processing industries, owned and operated by emerging Irish transnational corporations. Does the food processing industry provide a viable rural development strategy during a time when fewer farmers are able to grow more food? Does the transition from agricultural commodity production to an economy based on food processing really add value to the economies of local communities, or are the benefits realised more at the regional, national, or transnational level? This study will use site-specific comparative data to draw conclusions about the costs and benefits of specific rural development strategies, and the policy interventions that may help maximise their benefits and minimise their costs.

A second research question, which is closely related to the first, asks how well tourism works as a rural development strategy. Tourism has long been an important sector in Ireland's economy, and has often been hailed as a viable rural development strategy (Bosselman, Peterson and McCarthy, 1999; Galston and Baehler, 1995; Krannich and Petrzelka, 2003). There are two reasons why tourism appears to be so ideal. First, tourism is perceived to be a relatively low-cost, high-benefit economic strategy for adapting to an increasingly globalised service-sector economy. Second, the complexity of the tourism industry (accommodation, food, transportation, financial services, etc) offers a solid foundation for economic diversification in rural places that often have been at the mercy of boom and bust cycles inherent in single commodity economies. Do tourism and the development of a service-sector economy provide a more vital development strategy than agro-industry or other industrial recruitment strategies? While many studies have examined the economic and social costs and benefits of tourism activity, this research will explore the effects of tourism as a development strategy on the broader structure of rural communities.

Third, the research explores the role of the state (both national government and the EU) in assisting the adaptation efforts of rural

communities. Irish government, by design, operates from a top-down command and control framework, where resources from central government are channelled in a variety of ways through ministries to regional authorities and county councils. In the last thirty years Irish membership in the European Union has added several other layers of state resources that are available to rural Irish communities. Under what circumstances has a strong state-sponsored social welfare system helped or hindered adaptation and development in rural Irish communities? To what degree has state assistance energised local development efforts by providing appropriately-targeted training and/or capital? Conversely, to what extent has state assistance hindered local adaptation by creating an entitlement mentality among recipients? In other words how can Ireland sustain its established system of social welfare, yet at the same time encourage more meaningful community initiatives where residents take more proactive charge of their own development initiatives?

Finally, what are the conditions under which an entrepreneurial climate of local initiative and community identity-building can best be encouraged? How do Irish communities initiate an entrepreneurial climate in a predominately top-down system of government? How then do they organise and perpetuate this more proactive approach to adaptation? And does such a localised development strategy really allow them to 'take charge' of their future?

1.4 Research methods

To examine community adaptation to change, this study differs from past Irish community research in that it uses a quantitative analysis of structural change in rural communities. Past research on Irish communities has almost exclusively employed qualitative methods on single case studies to draw conclusions about cultural change. These qualitative methods are effective for describing the reflective discourses of change among those who have lived through the events that most affect their daily lives. This study differs in that it uses longitudinal measures of structural change in communities, such as retail structure, industry structure, demographic structure, and economic output indices. These measures are used as material expressions of adaptation to change: entrepreneurial activity, business failures, net migration, age

structure, and rural poverty. While these quantitative methods may not offer the same 'rich' description of rural Irish life as qualitative studies, they are better able to provide descriptive and analytical characterisations of how rural communities have *materially responded* to social change.

This study used time-series analysis of four rural Irish communities that have embraced four distinct adaptation strategies. The towns selected were Castlecomer in Co Kilkenny, Ballaghaderreen in Co Roscommon, Cashel in Co Tipperary, and Millstreet in Co Cork. The four communities were chosen with two criteria in mind. First, each town had to qualitatively exhibit a clear transition from one form of social and economic organisation to a distinctly different form of organisation. Second, each town had to feature distinctly different adaptation strategies.

While towns like this are not hard to find in Ireland, this type of study tends to exclude smaller and more isolated towns whose retail services primarily serve their own residents. Instead, Cashel, Millstreet and Ballaghaderreen were each historically agricultural market towns. In the first half of the twentieth century these towns served as markets for locally-traded products such as eggs, milk and livestock, and as the transport link to external markets via co-ops or other export middlemen. And of course the market towns featured a variety of merchants who provided food, household goods, hardware items, clothing, shoes and other necessities of everyday rural life for a clientele that extended well beyond the local town. With the decline of agricultural market towns, each of these three towns subsequently followed divergent paths. Cashel became a tourist town, Millstreet recruited high-tech electronics industries, and Ballaghaderreen saw the introduction of export-based food processing facilities (meat and milk powder). Castlecomer by contrast was not primarily an agricultural market town but was historically known for its coal mine. When the mine closed in 1969 the social transition was abrupt, even while the economic transition was moderated by rural industrial recruitment efforts led by the Industrial Development Authority (IDA).

To measure change and adaptation, the study gathered annual data on each town's retail and business structure, census statistics, and a variety of economic output and/or performance indicators. The study then used time-series analysis to describe and compare the trends and to analyse systematic relationships between each

community's primary economic output and changes in community structure.

The primary resource for this analysis was an inventory of commercial businesses drawn from two sources: *Thom's Commercial Directory* and *MacDonald's Irish Directory and Gazetteer*, both of which provided annual lists of businesses in each town. The data consisted of the list of business names in each of the four towns for each year between 1930 and 2005, with an annual listing of the total number of businesses, and annual counts that were subdivided into business sectors: agricultural, building, transportation, industry, food and beverage, household goods/general retail, and professional services. There are of course limitations to these two data sources. While each attempted to comprehensively list all local businesses, there were omissions. Moreover, the year of business start-ups and business failures was not always accurate. One can assume, nonetheless, that the measurement error across the seventy-six-year timeframe from these sources was normally distributed.

The study also used three types of supplemental quantitative data. First was population data from the Irish census. Second was industry output statistics. For Castlecomer, annual coal output data and company profit data were available from the estate records of the coal mining company. For Cashel, the study used the total number of international visitors to Ireland (consistent trend data began in 1960) and the total number of visitors to the Rock of Cashel (enumerations began in 1969). For the other two towns, site-specific industrial output records were not available either because they did not exist or were proprietary. Consequently national-level output records were used as surrogate measures: electronic output indices (office machinery, computers, electronic apparatuses, etc) for Millstreet, and total agricultural production of milk, eggs and livestock for Ballaghaderreen. Annual agricultural statistics extend back beyond 1930, while electronics statistics only go back to 1980. In addition, the study used the agricultural price index (since 1930) and the manufacturing volume index (since 1944).

The analysis was designed to examine the relationship between trends in various indicators of economic production (for example litres of milk, tons of coal, or tourist visits) and trends in the business structure of the towns. This was done descriptively and statistically. The descriptive analysis primarily tracked the percentage change over time of an indicator – either annual

percentage change or the percentage change over some longer period of increase or decrease. Change in one indicator was then visually compared with change in other indicators, and tied to political, economic, or social events of the time.

The statistical analysis employed two techniques: autoregression and cross-correlation analysis (McCleary and Hay, 1980). The logic of these time-series statistical methods is based on the assumption that the best predictor of a measure at time 1 (*t*) is its previous measure (*t-1*). For example the number of people in a town in any given year does not randomly fluctuate, but is instead based on the pool of residents already living there in previous years. So most time-series observations are correlated with previous observations, and the statistical methods are therefore designed to 'control' or 'de-trend' this auto-correlation to reveal statistically significant patterns of change and 'real' patterns of relationship between two or more trends.

This study used two methods of time-series analysis. Auto-regression uses a generalised least squares regression technique (a less stringent de-trending filter), and provides statistical evidence that the overall shape of two trends is similar. While the evidence for causality between one trend and another is low, one can make a case that the two trends are influenced by similar processes of change. The study also used a more stringent de-trending filter (ARIMA modelling) in its cross-correlation analysis. Cross-correlation analysis provides evidence that change in one trend leads (or follows) change in another trend. For example an increase in tourist visits to a town may be associated with an increase in hotels in the same town two years later. Therefore cross-correlation analysis, when using a more strict de-trending technique, provides evidence for systemic relationships between two trends. In sum, this study uses time-series analysis to explore how change in the dominant economic activity in a town is related to the community's development and overall well-being.

Face-to-face interviews and field observations were then used to corroborate the data and supplement the findings with narratives about the development history in each town. An initial contact was made in each town by phoning the local chamber of commerce or local development authority to identify a key individual most knowledgeable about town history and town development. These initial interview respondents then provided names of others to

interview. In this way, two to three structured interviews were conducted in each of the four towns. I also had a handful of impromptu, non-structured interviews or conversations with others I happened to meet during the course of the field work. I made at least three overnight on-site visits to each of the four towns between 2001 and 2003. During that time I spoke informally with pub patrons, B&B owners, LEADER-project employees, university faculty, and local development officers about change in the respective communities of study.

The people interviewed in this study constitute a convenience sample and the information gathered was not statistically representative. Rather, the goal of the interviews and field work was to gather verifying narratives about events observed in the quantitative data, and to get a sense of how local residents interpreted change in each town. In the formal interviews a structured set of questions guided the conversation. Respondents were asked a series of questions 1) about the causes of community change, 2) how those changes may have affected the structure of the town, and 3) the outcomes of those changes in the quality of life and well-being of the community. The informal interviews and conversations more typically sought to verify or refute earlier claims or interpretations of particular community change events. In short, this study assumed that quantitative data can only provide a skeletal understanding of community change that must be fleshed out by local accounts and on-site field observation.

Finally, the story of change in each town was supplemented where available by three sources: 1) town planning documents, 2) town histories, and 3) parliamentary debates from the Houses of the Oireachtas. For the latter source, a search on each town name was conducted on the Oireachtas website, which contains the full texts of the Dáil and Seanad debates from 1919 to the present. The results generally represent times when the historical events of each town became matters of national concern or importance.

1.5 Organisation of the paper

To characterise the process of change and adaptation in the four communities, the paper is organised in the following way. Chapter 2 will review literature on social change from three perspectives: 1) the rural restructuring framework, 2) the globalisation and glocalisation orientation and 3) the role of the state in economic

development. Each of these perspectives on change draws from a diversity of disciplinary traditions including sociology, rural sociology, political science, economics, and geography. The chapter will then review the literature on change in rural Ireland and assess how closely the Irish experience fits with these different theories of change. This will help set the stage for interpreting rural change and adaptation in the four study communities.

In the four chapters from 3 to 6 the results from data collection and analysis will be presented for each of the four towns. Each chapter will include descriptive results that characterise the trends in the business structure and community well-being, which will be interpreted within the context of rural change in Ireland described in chapter 2. These four chapters will also include an analysis of the relationship between the community trends and industry output trends, and the relationship between community trends and state intervention in community development.

Chapter 7 will offer a comparative analysis between the adaptation strategies adopted by each town. Are certain strategies better, or are they just different? Does tourism 'work' for rural communities? Is the role of the state in rural development always an enabler, or are there certain conditions where it becomes a hindrance? What is the role of entrepreneurial innovation in community development? The chapter will elaborate the policy implications that arise from the preceding description, analysis, and comparison of change in these four communities.

2

Theories of rural change

2.1 Contemporary change

To say that things change seems at first glance like an obvious and non-problematic observation about the world. Yet Giddens (1998) claims that '[t]here are good, objective reasons to believe we are living through a major period of historical transition'. And the question of how things change has been one of the preoccupying questions of the modern age. It has arguably been a foundational pillar for most social science disciplines, if not all scientific disciplines. If people can understand how things change, they can then direct the course of events towards 'positive' and desirable futures. To this end scholars and practitioners have analysed change from three broad perspectives that can be arrayed along a continuum from unplanned and accidental at one extreme to opportunistic in the middle to strategic and rationally planned at the opposite extreme. The engine of change at the unplanned end of the continuum would include random or accidental events brought about by charismatic leaders, assassinations, or crowd behaviours. Change in the middle of the continuum would include a hybrid mixture of people and events situated in a historical moment, where individuals and/or agencies seize upon the contingencies of local events and mobilise available resources to opportunistically direct the outcomes in desired ways. Change at the opposite end of the continuum is based on systems thinking, where phenomena in the world correspond to ordered and stable properties that are an inherent part of the world. By knowing the cause and effect relationships of this system, one can plan for and direct outcomes in specific predictable ways.

When social observers attribute change to random or unplanned events, their analysis is typically descriptive and post hoc. When examining hybrid or contextual forces of change in the middle of the continuum, scholars employ interpretive and/or case study methods of analysis. When looking at change from a systems-based perspective, analysts are attempting to be prescriptive by directing

the trajectory of social change. Theories of change, then, incorporate elements from across this continuum to make sense of events over time. Because most social science disciplines have strong historical roots in the positivist sciences of the modern age, many theories of change tend to emphasise mechanisms of change on the planned/prescriptive side of the continuum.

Theories of rural change may be slightly different. Rural places in the modern age typically have been places of relative disadvantage compared to urban and built places on a variety of social indicators. Consequently theories of rural change tend to feature the role of external constraint and contingency more than the role of prescriptive planning in rural life. To examine these ways of thinking about rural change, this chapter examines three prominent theories: 1) rural restructuring, 2) globalisation/glocalisation, and 3) economic geography. This chapter then concludes by examining how change in rural Ireland fits within each of these three frameworks.

2.1.1 Rural restructuring

The rural restructuring framework has become one of the more prominent themes in both European and American rural sociology for at least the past two decades. The political, economic, and social histories of the two continents differ, and so the questions about rural change asked by European and American analysts also differ. The European literature focuses on land tenure patterns and the changing role of the nation-state, whereas the American literature has closer ties to demography and changing settlement patterns across the landscape. And while empirical studies describe a heterogeneous pattern of rural adaptation (Hoggart, Buller and Black, 1995), participation in global commodity markets and the process of agricultural modernisation are common forces of change featured in both literatures.

European perspectives. European analysis has focused on a series of historical events during the nineteenth and twentieth centuries that have challenged the way nation-states dictated rural policies through the regulation of agricultural productivity (Marsden, Murdoch, Lowe, Munton and Flynn, 1993). Through the nineteenth and early part of the twentieth centuries, this was expressed as a tension between free-market and protectionist trade policies.

Britain's repeal of its Corn Laws in 1846 began a nearly 100-year stretch of mostly free-market agriculture policies. At the same time England's lead in nineteenth-century industrial development brought profound changes to the countryside. The development of urban-based industry in effect depopulated rural areas by drawing landless tenants and farm labourers to the city. This in effect brought to an end the system of landlord and tenants with its legacy in feudal land-use arrangements. Rather than supporting farming with price supports and protectionist policies, the government's free-market policies brought about agricultural depression and the declining political and social influence of the landed gentry during the final decades of the 1800s (Winter, 1996). By 1900 British farming was a system of inefficient and labour-poor farms on what was left of the landlord estates.

British economic development policy instead favoured industrial development, and Britain used its free-market policies to develop a system of trade in agricultural commodities from around the globe. Countries such as Ireland and Denmark transitioned from mixed farming regimes to single commodity meat production. By the end of the nineteenth century nearly two-thirds of the agricultural output of both countries was being exported to England. Countries from throughout the British Empire also participated in this growing global food market, transitioning from subsistence agriculture in many cases to a plantation system of commodity production; for example Caribbean sugar cane plantations, African coffee plantations and Indian tea plantations. British trade dominance stimulated global food markets and as a result kept food prices low for the home urban industrial labour pool. This emerging system of global trade however was a disadvantage for European countries such as France and Belgium, whose agriculture was organised around systems of yeoman smallholders. This led many European nation-states, that were committed to domestic food security, to levy trade tariffs and provide price support payments to protect local farmers. Regardless of the strategy used by European nation-states, however, nineteenth-century development of both free-market and protectionist agricultural policies had the effect of deepening rural dependency on the urban industrial core.

Two world wars in the twentieth century brought the era of the British 'Imperial food order' (Winter, 1996) to an end. Following

World War II, a US-led 'Atlanticist food order', which featured a 'corporatist' style of agricultural modernisation, intensified global competition (Marsden et al, 1993). With post-war food shortages across the continent, European nations including England invested heavily in farm policies designed to encourage domestic farm production and modernisation while protecting farmers from global-market uncertainties. Success was quickly evident throughout much of Europe as world food supplies increased in the 1940s and 1950s. But increased food supplies brought lower food prices and a greater drain on national treasuries to support interventionist policies.

The European response to this global competitive challenge was its Common Agricultural Policy (CAP) negotiated within the emerging European Economic Community (EEC) beginning in the late 1950s. The original goals of the CAP laid out in the 1957 Treaty of Rome were to (a) increase productivity through modernisation, (b) ensure a liveable wage in the farming sector, (c) stabilise commodity markets, (d) assure food availability, and (e) ensure reasonable food prices (Hill, 1984). Over the next thirty years this policy generally favoured large-scale, high-output farming operations. Many smaller farm operations or farms on marginal land that lacked the resources to modernise were subsumed by larger farms or fell out of production. The primary achievement of the early CAP was that it created a common pan-European policy by co-ordinating food supplies among member nations, and easing the financial burden of nation-state agricultural support policies. However, while its most tangible success during the 1960s and 1970s was increased productivity, it did not stabilise commodity markets, or food prices, or ensure wage security in the farming sector (Hogart et al, 1995).

The over-production of European agricultural commodities was compounded by the US farm crisis of the 1980s. Farmers in the US had been encouraged to borrow heavily against an inflationary dollar during the late 1970s to intensify production. But when the US devalued the dollar on international markets in the early 1980s, unmanageable farm debt put thousands of small farmers out of business, yet at the same time flooded global food markets because the weakened dollar favoured US exports. The result in Europe was a declining price for food and skyrocketing costs for price supports and intervention payments. As a consequence the 1980s and 1990s have brought contentious CAP reform efforts that are based on a

shift from intensified commodity production to farm diversification and specialised farm products. Commodity quotas were first introduced in 1984, and price support and intervention payments were scaled back and reorganised around more stringent qualifications. Because agricultural policies have been reorganised away from high-output productionist commodity schemes, rural areas throughout Europe have seen a variety of new policy initiatives. These initiatives include various rural economic diversification programmes (e.g. LEADER programmes), value-added food processing industries, support for organic farming, alternative land uses such as forestry or tourism, and housing markets (Tovey and Share, 2003). They also include environmental protection initiatives, such as the removal of farm land from production in land set-asides. As this new diversified pattern of rural land use is still emerging, and being expressed in a multiplicity of ways across the European landscape, it is apparent that commodity farming is losing its claim as the dominant use of land across the rural landscape.

American perspectives. The American literature was trying to make sense of how agricultural modernisation was creating one of the 'most stable demographic patterns of American history' (Johnson and Purdy, 1980: 57): a steady migration of people from rural areas to urban and suburban areas between the 1850s and 1950s. This movement was fuelled by the Progressive Conservation movement of the late 1800s, which stressed the efficient and productive use of land resources through the use of science, technology and rational planning. The decline of farmers and rural residents across the US countryside was the direct result of the development of efficiency-oriented high-output methods of farming. It took fewer farmers to grow food for a rapidly growing urban and suburban population. There are at least three broadly encompassing explanations for the rural restructuring that has occurred in most western industrial economies, here labelled 1) competitive advantage, 2) capital concentration, and 3) post-industrialism.

The *competitive advantage* perspective describes rural change as a process of identifying local resources that could most efficiently deliver economic surpluses (Galston and Baehler, 1995). The competitive advantage of rural areas was often its store of natural resources, which were extracted to feed industrial growth in rapidly

expanding urban areas. Urban areas typically developed around transportation hubs, and drew their vitality from a hinterland that provided them with raw materials. From the periphery came staples such as timber and quarry stone, which provided the building materials for the urban core. Coal, oil, natural gas (peat in Ireland), and uranium provided heat and energy to fuel industrial growth. Zinc, bauxite, copper, molybdenum, gold, silver and a host of other metals provided the raw materials for the production process. Agriculture transitioned from a homestead subsistence activity to an extractive activity, where the surplus of food staples produced by a more intensive form of agriculture depleted soil nutrients, and fields required repeated supplements of nutrients, pesticides and herbicides; themselves extracted from distant locations. Wheat, corn, barley, vegetables, cows, pigs, sheep and other agricultural items were produced in surplus quantities to feed people who lived great distances from the field of origin.

The viability of extractive industries in rural areas began to decline, however, following World War II because of new production efficiencies, which were driven by intensified global competition. As resource extraction industries waned, rural areas sought out new forms of competitive advantage. With rapid economic expansion in the United States and Europe during the 1950s and 1960s and increased global competition, urban-based industries sought to reduce costs by expanding operations to rural areas with low-cost labour, cheap land and less stringent environmental regulations. Food processing and agro-industries also sprang up across the rural countryside during this period. At its peak from 1969 to 1976, the rural manufacturing sector in the United States increased at an annual rate of 1.4%, while urban manufacturing declined by 1.1% per year (Galston and Baehler, 1995). Similar trends in parts of Europe occurred in the 1970s and 1980s (Hoggart et al, 1995).

The surge of rural industry in the US was to be short-lived. A stagnating economy in the 1970s, changes in US monetary policy to combat inflation in the early 1980s, and the global debt crisis that followed brought profound changes to rural areas once again (Flora, 1990). Lending policies of the late 1970s put many small farmers in the US out of business in the early 1980s, and large US farming operations gobbled up the small farmers while taking advantage of a weak dollar that favoured US exports to global food markets.

Frequently rural industry could no longer compete with 'off-shore' wages as industry became more globalised and moved operations to semi-peripheral and developing nations. The result for American rural areas was a demographic shift of population from rural to urban areas in the 1980s, and rural areas were forced once again to seek out new ideas for competitive advantage.

Since the early 1980s the service sector has become the predominant feature of rural economies in the US. Over 50% of the rural community employment base is in services, about 20% is in manufacturing, and one-tenth is in agriculture (Galston and Baehler, 1995). Service-based industries such as insurance, information services, financial transactions, and government services are often not place-dependent. And, the competitive advantage of a rural area in a service-based economy is its amenities: recreational opportunities, environmental quality, sense of community, lower-cost housing, etc. It is because of these amenities that rural places often look to tourism development as one of its service-sector activities. Rural areas in the US today aspire to become areas with developed recreational and tourist facilities, and a mixture of governmental services, regional trade centres, technology parks, entrepreneurial business incubators, information management companies, and a 'footloose' labour pool with more flexible work and residential locations. In Europe, a pervasive trend towards a rural service-sector economy is harder to generalise (Hoggart et al, 1995). Nevertheless, the amenities of the countryside have replaced agricultural commodity production as the competitive advantage in most Western European rural places.

The *capital concentration* framework for explaining rural restructuring attributes the cause of rural change to a more singular factor – changes in dominant activity on the physical landscape: agriculture. The primary empirical observation made by this perspective is that, over time, western agriculture has generally displayed a trend towards fewer farms, larger farms, and fewer people working in the agriculture sector. Since World War II the trend in agricultural output has generally been increasing, indicating that fewer people have been producing more food through efficient production practices – high-yield seeds, fertiliser, pesticides, herbicides, biogenetic technology, labour-saving machinery, etc. The efficiencies produced by science, labour-saving technologies and larger economies of scale used in the production of

agricultural staples over time have progressively conspired against the small agricultural operator. Some transitions have been slow, with successful market innovators securing land rights and/or title from less successful neighbours, who then must enter the wage labour force or emigrate. Others have been more aggressive as monopolistic interests attempt to squeeze out small operators. Whatever the context, rural residents are typically at the whim of external market forces, and often are unable to direct the trajectory of local change.

Governments have attempted to intervene in contradictory ways. Few are surprised when governments favour development and modernisation initiatives with subsidies, tax breaks, or favourable interest rates. Fiscal policy can also be designed to favour corporatist agriculture. In the late 1970s the US Department of Agriculture encouraged farmers to borrow money from the banks to plant 'fence-row to fence-row' because interest rates were low and the dollar was cheap on international currency markets, making for a strong international market for American agricultural produce. When the Reagan administration in the early 1980s floated the value of the dollar on currency markets to control inflation, thousands of indebted small farmers went bankrupt, which dramatically changed the face of American rural places. Governments can also intervene in ways that satisfy individuals and markets by walking the tight-rope of agricultural price controls. These schemes attempt to manage consumer prices and supplier profits by managing production and inventories with farmer subsidies and government-sponsored commodity warehousing. Historically, the result of government intervention in the US has been the intensification of commodity agricultural production.

This creates an ongoing and progressive tension between local interests and concentrated capital in the agricultural sector, where land tenure and property rights in rural areas are often contested. Debates are typically settled based on criteria that lie outside of agricultural policy: e.g. social status, recreational access, or environmental conservation. The trajectory of change is often in a direction that lies outside the control of local constituencies. For this reason the orienting theme for contemporary rural economic development becomes economic diversification. The development strategies that rural communities choose to reclaim local control over their lives become the engines of social change in rural places.

The *post-industrial* framework argues that the most consequential forms of rural change have occurred only in the last forty to fifty years. These changes in rural life correspond to the emergence of the service sector, to the growing importance of global capital movement, and to a realignment of the industrial division of labour across the globe. This post-industrial mood also corresponds to demographic movements that reflect a 'rural renaissance', or a growing desire to live in low-density places with high aesthetic and environmental amenities.

Three specific perspectives have been used to explain these recent transformations: 1) the regional restructuring perspective, 2) the deconcentration theory, and 3) the 'period effects' perspective (Frey and Speare, 1992). The 'regional restructuring' perspective describes disinvestment in urban-based manufacturing infrastructure. In the United States this originally meant industrial disinvestment in the Northeastern and upper Midwestern states with movements to Southern and Sun Belt states. More recently it meant movement of Fordist types of manufacturing and large-scale assembly production to Asian and Latin American locales. For rural areas this forced a new emphasis on service-sector businesses (such as tourism), 'knowledge-based' industries, 'on-time' industrial subcontractors, and specialty products industries. This shift included the formation of rural-based headquarters of 'footloose' businesses, distributional hubs of business activity, local production and marketing of rural-based specialty products (e.g. local food specialties) and rural 'high-tech' centres of research and development (Frey, 1987).

Second, the 'deconcentration' perspective emphasises locational flexibility of employers and labour due to emerging technological, communications, and macroeconomic changes. In a post-industrial age, one's place of work need not tie one to conducting business in a single location. Computer technology, telecommunications technology, and transportation infrastructure development have facilitated mobility changes where proximity to one's workplace has become less important and home offices have become more commonplace (Frey, 1987). 'Place of business' is becoming less meaningful as the geographical options for conducting work are rapidly expanding. The consequence of this is that people can choose residences closer to places that provide outdoor recreation opportunities, a high-quality natural environment, a more coherent sense of local community, and the quality of life amenities that rural areas provide.

Finally, the 'period effects' perspective contends that the post-industrial shift of the last forty or fifty years has been the result of socioeconomic circumstances unique to that particular time (Frey, 1993). In the late 1960s and 1970s increased highway funding in the US (Fitchen, 1991), low interest rates (Flora, 1990), and attitudinal changes enabled people to embrace a 'simpler' rural lifestyle while making viable investments in small entrepreneurial activities. During the 1970s the number of 'hobby farms', bed and breakfasts, restaurants and inns grew (Gramann, Bonnicksen, Albrecht and Kurtz, 1985; Fitchen, 1991). Similarly the post-war American baby-boom cohort 'came of age' in the 1990s and currently exerts a profound influence on purchasing patterns, attitudes and public policy. Hawks (1991) and Crispell (1994) argue that the growing affluence of the baby boomers is stimulating strong demand for vacation homes in rural areas of the United States. Although most European nations do not share the same 'periods' as the US, global events since the 1980s such as the debt crisis, the farm crisis, and the neo-conservative shift which brought the demise of the Breton Woods agreement may be creating a convergence of global 'periods' that exert common effects on rural spaces.

2.1.2 Globalisation/glocalisation

As its name implies, the rural restructuring framework is inherently a structural analysis, examining how specific social, economic and cultural changes correlate with and influence changes in the organisation of rural life. Implicit in the rural restructuring framework is the notion of an emerging global division of labour in an economy with fewer trade barriers between nations. The globalisation framework, however, includes more than just economic globalisation. Theorists have expanded the gaze beyond structural economic changes to describe broader changes in the meaning of individual and social life. As a spatial theory of change, the globalisation process is said to be redrawing the traditional boundaries of the modern world. From the point of view of rural change, the globalisation framework is a view from the outside looking in, which is forcing fundamental changes in the meaning of rural life.

Why is global change so momentous at this point in history, as Giddens argues? I live in a small predominantly rural state in America – Vermont. A common discourse that comes up in public

arguments and debates of any sort is the notion of 'natives' and 'flatlanders' (Vermont is a mountainous state). Natives are those who have lived their entire lives within the state, and likely have parents and grandparents who did the same. Flatlanders are the cosmopolitan newcomers (or 'blow-ins') to the state who do not know the local norms and traditions, and whose 'new' ideas often conflict with the local ways of doing things. At one level, invoking this discourse is an effort by 'natives' to claim the moral high ground in a strategic move to control a specific debate. Local knowledge, tradition and common sense are better than transplanted practice and theoretical knowledge. At another level, however, the native/flatlander discourse, which is played out similarly in hundreds of other locations around the world, is a prime example of global reflexivity (Robertson, 1995; Beck, 2000). People need not think about or define what it means to be 'native' except when confronted on a day-to-day basis with people who are different. And it is this increasing frequency of encounters with people who are socially, culturally, ethnically and ethically different that is the defining feature of a globalising world (Gergen, 1991).

What has produced this incipient global reflexivity? Most commentators point to a relaxation of time and space constraints on human activity and interaction, or what Giddens (1984) calls time and space distanciation. Historically, human activity was constrained by physical movement across the landscape. Competitive advantage in the early mercantile and industrial eras was achieved through the use of energy converters – for example wind, water, wood, coal, petroleum, etc (Cottrell, 1955). Today many forms of interaction are no longer limited by proximity and physical movement. With modern technologies of communication, the ability to communicate with almost anyone across the globe is nearly instantaneous, and the variety of people one can talk with is limited only by the extent of one's social networks. Advanced transportation technologies and infrastructure allow the movement of products around the globe at unprecedented speeds. Knowledge-based industries and financial services can deliver products instantaneously. In short, time and space no longer confine human activity to physical movement. The result is an intensification of human interactions (Giddens, 1991), the intensification of consumer options (Baudrillard, 1998) and the intensification in the variety of ways people organise themselves (Nederveen-Pierterse, 1995).

These trends have produced what Robertson (1995) calls a dialectical process of globalisation. On the one hand, the intensification of human interaction across the globe through the expansion of markets, telecommunications or tourism has brought pressures of cultural homogenisation. This has been called the McDonalisation effect where mass produced hamburgers, blue jeans and cola products have replaced locally made products such as rice and beans, alpaca wool and yak butter tea. The tourism literature calls this the 'demonstration' effect (Crandall, 1987; Pearce, 1989), where the products and lifestyles of western tourists often become the standard to which people in the developing world aspire. However, Robertson and others have argued that localities are not simply the passive recipients of a new world order imposed by the juggernaut of transnational corporations. By contrast, this intensification of interactions creates new spaces of local identity and local advantage. New boundaries of local are being drawn in reference to one's global reflexivity, producing an emergence of new 'glocalities'. The outcome of this dialectical process is the 'hybridisation' (Nederveen Pierterse, 1995) or the 'creolisation' (Friedman, 1990) of local culture, producing such outcomes as 'Tai boxing by Moroccan girls in Amsterdam, Asian rap in London, Irish bagels, Chinese tacos' (Nederveen Pierterse, 1995: 53), Hawaiian veal sausages (Beck, 2000), or Alaskan wildlife art sold in the country music tourism destination of Branson, Missouri. Globalisation is expressed by a growing mélange of often unlikely combinations forging ever new historically unique social, cultural and economic combinations

The meaning of rural spaces is that they are leaving their 'traditional' spaces of 'authenticity' behind for a new 'glocal' understanding of what it means to be rural. 'Natives' may appeal to traditional definitions of what it means to be local, but they do so only in reference to the global 'other'. Reflecting on what it means to be native in this way also opens up the possibility for outsiders to discursively become 'more native than the natives'. Globalisation theory then indicates that rural change over the last fifty years is much more than just structural change. It has also redrawn the boundaries around the meaning of rurality, based on culture, ethics and ideology. In this way, Tovey notes that 'Rural Ireland is being transformed from "rural society" (based on the reproduction of family farming) into "rural space" (available for conservation,

urban leisure consumption and for regulated entrepreneurs)' (Tovey, 2000: 71). The result is an increasingly diverse set of rural expressions spread across the landscape. Farming as the primary activity on rural landscapes is giving way to land uses such as property development, food processing industries, heritage centres or corridors, industrial parks, wildlife sanctuaries, customer service centres, exurban hobby farms, walking and bicycling routes, fishing waters, environmental education centres, put-and-take shooting reserves, wildland preserves and a host of other tourism-related and service-related projects and businesses. And each reflects unique patterns of local adaptation to an array of changing global possibilities.

2.1.3 The state and economic development

A third framework for thinking about rural change focuses on the changing role of government in facilitating local economic development. Development scholars characterise this change as a transition from a) governments waging bidding wars to attract any type of large-scale manufacturing facilities to b) governments becoming selective and collaborative with more strategically identified industrial partners. Waits (1998) outlines four distinct periods of economic development practice that are evident in the American context. Of course one could not claim that all European nations have followed the same four stages. Even so, one can observe in Europe a trend from state-sponsored economic development strategies that offer incentive packages to attract any large-scale manufacturing to strategies that are more selective; better integrated with local, regional and national goals; more environmentally aware; and that strive to be more socially equitable and sustainable.

The first phase of economic development was what Waits (1998) calls industrial recruitment; also euphemistically called 'smoke-stack chasing'. This stage began as early as the 1930s when the American state of Mississippi began offering a variety of relocation incentives to industrial managers in the more labour-costly areas of the industrial Northeast. In addition to the lower wages in the Southern United States, incentive strategies included government-sponsored programmes such as 'tax abatements, low-interest loans, investment credits, land writedowns, and labor-training grants' (Eisinger, 1995: 147), debt financing and labour-market

deregulation. The approach was a 'black-box' type of recruitment strategy, where governments would help recruit any willing industry, regardless of its product, and then run roads and sewers up to its subsidised buildings. This supply-side approach to economic development stressed business climate factors, and placed an almost exclusive focus on the number of prospects convinced to relocate and the subsequent number of jobs created as its measures of development success.

The second phase of economic development was called home development (Waits, 1998) and began in the 1980s. This second phase of economic development strategy came about for at least two main reasons. First, the success of industrial recruitment efforts overall was modest for local areas. Smith and Fox (1990) argue that there is little empirical evidence to show that industrial recruitment influenced business location decisions. While tax, investment and training incentive programmes may have been necessary conditions for relocation given their pervasiveness, they were almost never sufficient conditions. Second, US fiscal policy beginning in the 1980s not only reduced the national role of government in assisting local economic development initiatives, but it also made 'off-shore' industrial development in developing countries far more competitive than industrial development within the rural parts of the United States.

As a result of this, local government authorities took a more high-profile role in economic development and re-oriented their efforts to helping existing firms modernise. In this new climate, smaller, innovative businesses were perceived to be the engine of local economic development. To facilitate this, governments encouraged more small-scale and innovative entrepreneurial programmes such as venture capital funding, high-technology development, advanced infrastructural development, employee retraining and export promotion (Waits, 1998). The focus of many of these programmes was on factors that were internal to local businesses, reorganising production for greater efficiency, improvements in management and operations, reinvestment for plant modernisation, research and development initiatives, and workforce training (Waits, 1998). This era represented a 'golden age' of local government's role in economic development with a proliferation of locally-based public services designed to shore up small locally-based businesses. During this time there was also a

proliferation of new business associations that were partnered with government programmes and were designed for more effective local networking, training and support.

If the 1980s represented a time of proliferation in government development programmes, the 1990s saw many of these programmes fall victim to the broader governmental reform movement. During the 1980s the rapid propagation of economic development programmes was initiated without clear mandates or mechanisms to measure programme success. The 1990s call for government accountability in the 'reinventing government' movement (Osborne and Gaebler, 1992) demanded a clear demonstration of government effectiveness and efficiency. It was a move to streamline government services in a way that mirrored operations in the private sector. Government accountability panels were created to ensure that economic development programmes had clear policy objectives with specific outcome metrics, were operated on principles of cost/benefit evaluation, and that company compliance measures were in place. Waits (1998) concludes that these 'third wave' politics changed economic development practices such that governments were 'no longer shooting at anything that flies' (1998: 190), but instead were investing in local corporations that were able to measure their outcomes and verify their success.

Waits' fourth and current phase of economic development strategy draws from the ideas presented in Porter's (1998) framework of cluster development. Some would argue that Waits' third and fourth phases are not distinct, but instead are parallel episodes in the changing role of government economic development strategies (see for example Ventriss, 2002). In either case, cluster development argues that the most effective road to local and regional development in a globalised context is to facilitate regional clusters of closely-related businesses, rather than targeting single large industries or individual companies. Porter argues that a cluster of competitive primary industries in a locality creates a climate of innovation essential in a global economy, and more effectively stimulates the development of subcontract producers and service industries networked with the primary productive activity of the area. According to Porter, cluster development strategies, as opposed to industrial recruitment strategies, 'create specialised habitats' with a more skilled and adaptable workforce, greater access to capital and

technology, advanced physical infrastructure and a higher quality of life. For cluster development to work most effectively, it also requires a collaborative environment: between competing businesses that constantly stimulate innovative ideas, between networks of cluster businesses and services, and between business and the government. In an effective cluster environment, government no longer serves the function of regulator, of subsidiser, or of interventionist. Instead, governments become catalysts for innovation, facilitators of collaboration and challengers for businesses to maximise market potential (Waits, 1998).

If writers such as Waits and Porter are correct about the contemporary trend towards cluster development strategies, then rural areas are surely facing times of dramatic change. Cluster development as a trend means that it is no longer sufficient to out-compete a nearby candidate town for a new factory. Neither is it sufficient for rural areas to expect government 'entitlements' in times of economic trouble. Rather, rural areas are faced with the task of gazing outward to intensify networks and stimulate education and innovation through intensified communication and competition. This intensification of interaction, of course, should also intensify the rate of change in rural areas.

2.2 Rural change in Ireland

How does the experience of Irish society fit with these theories of change developed primarily from American, British and Western European experiences? Clearly the historical context of change in Ireland differs dramatically. Yet Ireland today exemplifies many of the same trends in demography, agricultural production, urbanisation, industrial development, service-sector development, and global integration as its American and European counterparts. Because of this contemporary convergence with 'developed' globalised economies, many have characterised Ireland as a 'late moderniser' (Tovey and Share, 2003). The achievements of the Irish state and its development policies of the last forty to fifty years are consistent with this characterisation. However, when looking at the context of change, particularly in Irish rural communities, Ireland might also be characterised as an 'early globaliser' whose convergence with the contemporary rise of global capital flows is now bearing fruit.

2.2.1 Context of change

Rural Ireland today mirrors many of the same structural changes in agriculture that one finds in most developed economies. Since the beginning of the Irish Free State in the 1920s, roughly one in two Irish adults were employed in farming, while today the ratio is roughly one in ten people (Tovey and Share, 2003). Irish farming today has also become more specialised, moving away from mixed production regimes for personal consumption and local or export markets to more highly-mechanised single commodity production for the food industry. The result is a strong global Irish food brand most notably among meat, dairy and grain products and a number of indigenous globally oriented corporations and co-operatives including Kerry Foods, Glanbia and Connaught Gold.

The subsequent rural restructuring in Ireland that goes along with these changes in agricultural production, however, have not followed exactly the same pattern of change as American or European rural transitions. Instead, Ireland's colonial past has produced a different trajectory of change. Rather than following an 'organic' transformation from traditional subsistence agriculture through progressive stages of market integration, mechanisation, commodification and specialisation, Irish agriculture has been widely commercialised since at least the seventeenth century. Tovey and Share (2003) state that '[S]eventeenth-century Irish farmers were integrated into global food markets through their incorporation into British colonial and imperial trade relations' (2003: 53). Following the British plantation movement in Ireland at the end of the 1600s, as much as half of all Irish agricultural exports were going to the European continent (France, Spain, Portugal) and the West Indies (Tovey and Share, 2003). Irish farmers, therefore, participated in 'global' food markets even in the earliest stages of capitalism and industrial development.

For at least the next 200 years Ireland saw an intensification of agricultural production, particularly meat production, tied to British industrial expansion. Even with this intensification of output, however, change in Irish farming practice was minimal. The British plantation movement in Ireland established an unyielding social structure in rural Ireland that came at the expense of an often austere landlord-tenant relationship between English landowners and the Irish farming peasantry. This social structure, coupled with the 1821 Act of Union that established a 'common market' around

British colonies, focused Irish agricultural exports on food for English industrial development. In short, the Irish rural periphery became the 'bread basket' for the English industrial core.

Demographic change during this time was of course dramatically influenced by one event – the Famine. This single event established a long and pervasive trend of emigration that steadily drained the farm-labour pool. This persistent demographic decline probably did more to restructure Irish rural life (see for example Arensberg and Kimball, 2001; Brody, 1973) than even the efforts of the Land League in the late 1800s, the Irish Free State, and the Land Commission. The decision to leave was a constant preoccupation of Irish youth in rural areas at least up to the 1960s (Brody, 1973). Not only has this diaspora changed the structure of Irish rural places, but many observers claim it has directly contributed to the loss of community (Stein, 1964), a demoralisation of rural residents (Brody, 1973), a crisis of modernisation (Arensberg and Kimball, 2001) and a growing emphasis on the individual at the expense of the community (Curtin, 1988). So while Irish agricultural practices may have been slow to change even into the middle of the twentieth century, rural areas of the country were changing because of a steady demographic decline.

Agriculture in rural Ireland also changed beginning in the late nineteenth century because of land tenure changes. For nearly 300 years since the beginning of the British plantation movement in Ireland, most Irish rural residents lived as tenants on estate lands owned mostly by English landlords. Twice yearly the tenant was obligated to pay rent to the estate, typically in the form of crop payments, which comprised the output of Irish export agriculture. The Irish tenant had few rights in this arrangement, and Irish literature is replete with stories of arbitrary rent increases by absentee landlords, unscrupulous estate agents, and eviction orders. In response to the growing abuses of the landlord system in the late 1800s, the Land League – formed in 1879 under the leadership of Michael Davitt and Charles Stuart Parnell – organised rural Irish resident protest, and initially lobbied the British Parliament for rent controls and security of tenancy. Subsequent efforts by the Land League helped pass property laws that granted Irish farmers rights of ownership. This effectively began to dismantle the landlord system and the agricultural sector's almost exclusive reliance on meat exports to England. In response the Irish farmers' co-operative

movement was beginning to take shape, first organised around the dairy industry. Once Irish farm families secured title to their land, they could specialise in milk and butter products which had previously been used only to pay rent. The co-operative movement was a way to effectively organise regional production around the small free-holding family farm, which was to become a symbol of Irish identity in the early years of the Irish Free State (Tovey, 2000).

Even with the development of the Irish Free State in the twentieth century, change in agriculture and Irish rural places did not follow similar patterns to those in other developed countries. Initially in the 1920s the new Irish Free State encouraged intensified agriculture for export in order to increase foreign exchange earnings. However, de Valera's development policies of 'frugal comfort' beginning in the 1930s ushered in a thirty-year reversal in Ireland's long history of an agricultural export economy. These policies refocused production on domestic markets. Tovey and Share (2003) state that agriculture policy 'encourage[d] farmers to switch from extensive, export-oriented cattle production to tillage – more labour-intensive and oriented to domestic markets' (2003: 56). The goal of the new Fianna Fáil government was to build an economy based on domestic self-sufficiency, backed by a strong programme of land reform (i.e. the Land Commission) and social welfare to help equalise the fortunes of all Irish citizens. The goal was to build a national economy founded on the resources of rural Ireland, and based on policies that insulated Irish farmers from external economic threats. In short, this policy perpetuated the small-scale family structure of farming.

Most assessments of this period indicate that Irish agriculture between the 1930s to the 1950s was generally stagnant, and that de Valera's policy of 'frugal comfort' was a failure. It may have been less a policy and more of an ideology however. In practice the Irish economy was under duress for much of this time. The 1930s were a time of global economic crisis coupled with an Irish/English trade war from 1932 to 1938. During the 1940s Ireland was further isolated from Europe and America because of its politics of neutrality. Even though there had been industrial development successes in the 1930s and 1940s, this could not keep Ireland's isolation from thrusting it into a prolonged economic recession in the 1950s. So whether Fianna Fáil policy was a failed development ideology or a series of historical mistakes, frugal comfort had

created what O'Faoláin called a 'dreary Eden' (cited in Keogh, 1994) for many rural areas of Ireland through the 1950s.

With the introduction of the Lemass economic reforms in the late 1950s, de Valera's domestically focused agriculture-based economy was only a short aberration. The widely-discussed efforts of Lemass to rejoin the global or at least the European economy were coupled with programmes to modernise the nation's farms. New ideas about 'professional' farming supported by scientific agriculture research were imported from the United States along with Marshall Aid funds. The initial outcome was the Irish Agricultural Institute, created in 1958. Several agricultural research centres were established as part of the Institute during its early years, including the Dairy Research Centre in Co Cork, the Animal Production Centre in Co Meath and the Tillage Research Centre in Co Carlow. New development grants were also made available to farmers, both large and small, to purchase new equipment and upgrade farm facilities. Some have argued that Lemass had 'abandoned' the West of Ireland by the 1970s as government agriculture policy targeted its development resources to larger, more efficient farming operations more frequently located in the East. In response to this renewed focus on export agriculture, government policy sought to provide alternate employment for small farmers through rural industrialisation (Tovey and Share, 2003).

Since the 1980s this intensification of export agriculture has continued with a new focus on food processing. Agricultural policy in the early years of the Lemass reforms focused on traditional farm exports, particularly livestock. By the 1980s, agricultural policy shifted to emphasise processing for the food industry (Tovey, 2000). Initially this meant developing meat processing facilities at home, but it quickly came to include more highly-processed food products such as cheese, milk powder, yogurt, and milk drinks. This focus reinforced government support for farmers with higher technology inputs into their production process, with more regular output, and who were able to quickly adapt to demand shifts in the food industry. This era also reformulated Irish co-operatives, as many small farmer-owned regional marketing entities were merged into larger publicly-traded transnational corporations organised around agro-industry.

In sum, Irish agriculture has moved from 1) global dependency as a British colony to 2) small-scale domestic self-sufficiency to 3)

niche competitiveness in the global food industry. It is only in this last stage that Irish agriculture has begun to mirror the structure of agricultural production in countries such as the United States. And it is only in this last stage that rural Ireland has begun to take advantage of viable economic and lifestyle options outside of agriculture.

2.2.2 Theories of rural change and the Irish experience

It is clear from the review above that rural Ireland has endured some fairly dramatic changes over the past 400 years. The rural restructuring of the Irish countryside, however, has not occurred because of autonomous local forces that sought competitive advantage over other local areas. Neither has it occurred because capital was given free reign to competitively muscle out the smaller, less-efficient operators in a relatively free-market economy. Rather, changes in the Irish rural countryside were the results of pervasive emigration and an exploitive dependency on British economic expansion.

Rural restructuring. For the most part the restructuring mechanisms of agricultural modernisation were never given free reign in Ireland until around the 1960s. Because of its proximity and political relationship with England, Ireland instead spent most of the eighteenth, nineteenth and early twentieth centuries as a key component of the British 'imperial food order' (Winter, 1996). Ireland's economic advantage was its rural agrarian landscape that fed the developing urban areas in England and Europe during the early stages of industrial development. During the eighteenth and nineteenth centuries, England never used this agrarian advantage competitively. Instead, Ireland's agricultural surplus was controlled by English landlords who sold their produce almost exclusively in English markets. Ireland's relative agricultural advantage was exploited to create England's competitive industrial advantage. Even after Irish independence, the nation's isolationist development policies delayed the ability of rural residents to nurture an agriculturally-based competitive advantage. So it was not until the 1960s that the Irish state began to nurture an agricultural development policy oriented around competitive advantage. And with Ireland's accession to the EU, Irish agriculture was one of the big winners. In 1979 alone, FEOGA funds that were allocated to

Irish farmers were more than six times the total Irish contributions to the EU budget (Hill, 1984). Even though this ratio was not sustained through the 1980s and 1990s, Irish agriculture was dramatically transformed in a very short time.

A similar argument could be made about the capital concentration version of rural restructuring theory. Since the seventeenth century, most investment capital in the agricultural sector was already concentrated in the hands of English landlords, and access to capital among the Irish labour force was structurally limited, if not occasionally outlawed. After independence, isolationist development policies may have been prudent during economic hardship during the 1930s and early 1940s. The small, self-sufficient family farm was also a part of national identity in the new Irish Free State. Yet, with the post-war economic boom, Ireland's isolationist policies inhibited economic growth. So once again the process of capital concentration in the agricultural sector could not begin in earnest until after the Lemass reforms. Today there is strong evidence that this process is in full swing. Today about 20% of the farmers in Ireland produce about 80% of the nation's agricultural output (Tovey and Share, 2003). And the most successful farmers are generally those who specialise in single-commodity production for the food industry.

Finally, the Irish experience indicates that the story told by the post-industrial version of rural restructuring theory is probably an American version of rural change. Rural Ireland has certainly shared in the benefits of a developing service sector with solid growth in the tourism industry since the 1960s and with more recent growth in rural-based customer support facilities and financial service centres. Even so, EU CAP funds have done more to preserve the small family farmer in Ireland, particularly Western sheep farmers. More importantly the Irish rural landscape has become more industrialised over the last twenty-five years with direct foreign investment that has fuelled the 'Celtic Tiger' of the past fifteen years. Furthermore, the Irish landscape has also witnessed increased industrialisation in the food industry, with large processing facilities dotting the countryside throughout the Republic. In short, growth in the Irish rural service sector has not come at the expense of growth in its rural industrial sector. And Irish 'period effects' are clearly quite different from American period effects.

Globalisation. Irish rural development has long been implicated in a global economy. But there have been two fairly distinct phases of Irish globalisation. The first phase primarily contributed to British Empire building – the development of English industry and the spread of markets across Europe and to colonial outposts of the world. The second phase of Irish globalisation contributed to the development of the Irish nation-state in the twentieth century. The de Valera administration's early development policies of 'frugal comfort' went a long way to solidifying a national identity based on agrarian self-sufficiency and industrial development for local need. But with unprecedented post-World War II industrial expansion in Western Europe and America, Ireland quickly realised it could not turn its back on the emerging realities of global capital flows. By the 1960s Ireland had applied for membership in the EEC and had instituted policies and programmes to attract direct foreign investment.

Many commentators have argued that this contemporary phase of globalisation has contributed to the accelerated loss of Irish rural culture. The few existing studies of Irish rural communities typically fit into what could be called 'immiseration' models of change. One of the earliest studies of rural life in the west of Ireland (Arensberg and Kimball, 1940/2001) characterised the changing conditions faced by community residents as the developing crisis of modernity. For Irish rural people this meant the decline of community (Stein, 1964) coupled with the increasing isolation of the nuclear family as the recipient of social welfare schemes (Brody, 1973). Curtain (1988) argues that community and family have given way to the primacy of the individual. He describes a transition in rural Ireland from communal mechanisms of economic accumulation and social obligation, to extended families as the site of accumulation and obligation, to individuals as the sole source of accumulation and ownership. Brody (1973) takes a decidedly pessimistic view of rural life, characterising these changes in rural Ireland as a condition of 'demoralisation', or the pervasive loss of enthusiasm for the agrarian life of 'frugal comfort' in rural Ireland.

More recent studies of Irish rural communities have begun to take a more positive look at change. Most notable is Peace's (2001) study of change in a West Cork rural community. Instead of focusing on the disintegration of past social forms, Peace in his field research was struck by the abilities of rural communities to

maintain and sustain a sense of community identity even in the face of the equalising pressures from a strong centralised government in Dublin and the external pressures of globalisation. He describes the formal and informal rituals and behaviours performed by residents as an expression of what makes them different and distinctive. Contemporary rural life is a conscious and active process of community identity-making in the face of exponentially increasing global possibilities. Peace's interpretation of Irish rural life is consistent with the idea of glocalisation. Irish rural communities today are actively merging Irish rural traditions with an increasing awareness of diverse global possibilities to create a tapestry of distinct rural places (cf. community 'brands', tourist products) across the Irish landscape. What is more, the economic boom of the past fifteen years has produced in-migration and population increases in rural Irish communities. The new 'blow-ins' are reinforcing a growing awareness of diversity that forces a new reflexivity about community identity.

The state's role in economic development. The Irish experience perhaps follows most closely the theories of the state in economic development. Following a tumultuous start in the 1920s, the Irish Free State laid the foundation for strong central government acting in the everyday affairs of Irish citizens. It did so in at least two ways. First, Fianna Fáil's early agrarian policies fully recognised the disparities between east and west farm outputs. So Irish development policy was founded on the use of various social welfare schemes to help equalise the economic fortunes between east and west. Second, even as de Valera championed the rural agricultural labour force as the engine of economic development, he also recognised the need to develop indigenous industry. And where market forces are constrained by isolationist development strategies, the role of the state in industrial planning and entrepreneurial support grows. So the strength of government oversight and the role of state entitlements in Irish politics were firmly entrenched when economic reforms of the late 1950s and 1960s came along.

With the Lemass economic reforms, which began in 1958 with the elimination of UK trade tariffs, early industrial development in Ireland resembled 'smokestack chasing'. Initially, Ireland levied no tax on profits from exported manufacturing output. With accession to the EU in 1973 the export tax was set at 10%, which was still

significantly lower than other EU countries. Even with this competitive advantage, growth in the Irish industrial sector was modest throughout the 1960s and 1970s. The Industrial Development Authority (IDA), a state agency charged with industrial recruitment through direct foreign investment, has described its strategy in the 1970s as going after 'second string' companies, typically without a track record in European markets. It was not until the mid-1980s that investment in Ireland began to heat up. As the barriers to global trade and financial markets began to crumble in the wake of US monetary policy and the ensuing global debt crisis, corporations began to view Ireland, with its low export tax and its highly-educated workforce as a springboard into European markets. As the 'Celtic Tiger' heated up, Ireland was attracting investment from some of the world's highest profile companies, many of whom were locating large assembly plants in rural areas around the Republic.

The 1980s in Ireland can also be viewed as a time of retrenchment for the Irish state in development affairs. Government corruption and excessive clientelism led to a prolonged series of tribunals investigating the affairs of government officials at the highest level and investigating numerous charges of political favouritism. Some would argue that this move towards greater government accountability and a more transparent decision-making process in Irish politics has produced a civil servant sector that is more flexible and adaptable to the integration of local need with national policy.

This move towards state retrenchment in the 1980s may have also contributed to a shift in industrial development policy towards the concept of cluster development in the 1990s. Porter (1998) cites Ireland as one of the early adopters of the cluster development strategy. In the 1990s the IDA's recruitment strategy focused its efforts on five key clusters: information technology (mostly computer manufacturers), pharmaceutical and healthcare, software development, customer support centres, and international financial services. From the emerging foundation of direct foreign investment, the state supported a network of other development initiatives targeted at the development of sub-contract companies and peripheral services. Enterprise Ireland's mission was to support indigenous Irish-owned industries that could serve a supplier role to the large assembly plants, or to compete directly with the Irish-

based transnational corporations. At a more local level, county enterprise boards were established to assist small-scale entrepreneurs who employed ten or fewer people. In addition to these state-sponsored agencies and programmes, the EU's rural LEADER programmes supplemented Irish efforts by providing assistance on local rural development projects. In principle, assistance would be prioritised at each level for those businesses and projects that could best demonstrate their relationship to the core industrial sectors. The result has been that Ireland is now one of the most open economies in the world with all the intensifying pressures of globalisation that accompany rapid capital movement through an economy.

Even though Irish policy represents the latest thinking in economic development theory, there is one piece of Ireland's story that is missing. A major sector in Irish rural industry is its food sector. A strong agricultural co-operative movement, which began in the late 1800s, provided a foundation for Irish branded food products with global recognition. Irish dairy co-operatives developed into some of the first Irish TNCs in the 1960s and 1970s. In addition to the global reach of the Guinness enterprise, Irish food industries also include bulk milk separation, along with butter and milk powder production – e.g. coffee creamers. More recently the Irish food industry has moved towards consumer food products such as cheese and cheese slices, cheese spreads, consumer-ready meats, yoghurt, and cream-based liqueurs (Tovey, 2000). With this global reach, I am able to buy Kerrygold cheese in my local supermarket in Vermont, USA. Most economic development theories focus on non-agricultural industries, often as replacement businesses for a declining agricultural base. Ireland's experience, however, suggests that the food industry might easily take its place as the sixth cluster in national industrial development policy.

2.3 Evidence for rural change

Each of the theories of change described above are frameworks of rural adaptation, rather than frameworks of rural decline. In any change event there will always be individual winners and losers. Even so, change does not halt the path taken by rural communities, but instead alters the trajectory of adaptation. The goal of this study is to understand community adaptation in the face of constant and sometimes engulfing forces of change. How have the processes of

change outlined here been expressed in four different communities across Ireland? Specifically, how do rural residents 'get on' with the business of living when external forces conspire to break apart established routines and organisations? Do they acquiesce to external pressures? Are they opportunistic in the face of disruptions? Do they rely on the state for resources? Are they proactive in envisioning a desired future in the face of change? The following chapters will explore these processes of change and adaptation in four Irish rural communities, and explore the implications for contemporary rural development policy in Ireland.

3

Resource extraction to industrial recruitment: Castlecomer, Co Kilkenny

There is a small monument in the cemetery at Moneenroe, a little village on the fringes of Castlecomer where many miners lived, that reads 'To the MEMORY of all who died through Famine or serious social deprivation and all laid to rest here over seven centuries'. It is common to find famine memorials in Irish graveyards, but it is much less common to find overtones of outrage at the social conditions imposed on the country's rural residents. Moneenroe was home to Nicholas Boran, a professed communist and union organiser in the Castlecomer mine. 'Nixie' spent more than forty years of his life working to improve the conditions of workers in the mine. And while present day accounts suggest that the miners' wages were probably a bit better than the average Castlecomer resident because of Nixie's efforts, this came at the cost of health, safety and, in the end, economic security. What is the legacy of change associated with coal mining in Castlecomer, and when the mine closed in 1969, how did the town's successes at industrial recruitment help and hinder its adaptation process?

3.1 Extractive economies

Natural resource extraction of minerals, timber, water and food have long been considered the engine of early industrial development in western economies, providing the energy needs and raw materials for large-scale manufacturing. As a result, the exploitation of natural resources has typically been seen as an effective road to economic development in places with coal deposits, fertile soil, plentiful fish stocks, vast forests or extensive peat bogs. Innis's classic study of Canadian economic history (1930, 1936) is explicitly a story about the exploitation of commodities such as fur, fish and timber in frontier development. Hirschman's 'linkage' approach (1958, 1977) elaborated Innis's 'staples' approach by specifying the processes of economic diversification, where merchant activity expands to

service the needs of the extractive activity, and industrial activity expands to process the outputs of the extractive commodities. However, the road to economic development in resource extractive regions has not necessarily been so smooth. There are as many 'ghost' towns associated with extractive economies as there are stories of entrepreneurial initiative, capital infusion and economic diversification in resource-rich areas.

Research on resource extraction that challenges classic development theory has focused on two primary lines of inquiry: 1) the dynamics of rapid growth and sudden collapse in boom-and-bust energy towns, and 2) the structural forces of extraction that produce poverty and perpetual underdevelopment. The boom-and-bust literature relies primarily on a dependency theory perspective. Extractive activities require large capital investments that originate from financial sources situated in the urban core. Capital from the core then enables commodity extraction from the periphery, leaving behind spoiled landscapes, and adding most of the value of the commodity in the urban-based industries. This dependency on outside capital then produces economic over-adaptation in rural places to the singular needs of the extractive activity (Freudenburg and Gramling, 1993), loss of local control (Cramer, Kennedy, Krannich and Quigley, 1993), and even reduced economic diversity (Weber, Castle and Shiver, 1988).

Moreover, economic decline (bust) does not necessarily follow resource exhaustion, but instead is subject to a 'cost/price squeeze'. In any extractive activity, the resources that are easiest to exploit are the first to be taken: the stand of trees closest to the river (i.e. transport node), the seam of coal closest to the surface or the stock of fish closest to the shore. As those first resources are exhausted, the cost of extraction increases even as commodity prices typically decline over time (Freudenburg, 1992). Consequently the economics of extraction can often close down a mining, timber or fishing operation well before the resources are exhausted. This can lead to a pathological optimism that the boom times will come again when economic conditions improve, while at the same time marginalising the fortunes of people – often rural people – who rely on the irregular employment of extractive economies.

A second line of research took the prevailing criticism of extractive economies a step farther by arguing that resource extraction perpetuated poverty and local underdevelopment. The

most comprehensive statement of this perspective came from Humphrey et al (1993) who outlined four theoretical frameworks for describing the pathological outcomes of extractive activity. They argued that extractive activities 1) encourage rational under-investment in labour development and human capital (Johnson, Kraybill and Deaton, 1989), 2) require systems of domination aligned with capital and state control rather than local control (West, 1982), 3) lead to rural restructuring in a global context that solidifies advantages in the core regions (Bunker, 1989), and 4) marginalise local choice by subjecting local resource decisions to the value claims of broader public discourse (Freudenburg, Frickel and Grammling, 1995).

Not all of the recent literature on resource extraction has been so pessimistic (Overdevest and Green, 1995). For example Nord and Luloff (1993) showed how different extractive activities (oil versus coal) and different regions of the United States can produce different and sometimes positive outcomes for community well-being. Other studies have analysed the effects of time (Freudenburg and Frickel, 1994; Frickel and Freudenburg, 1996) and place (Fisher, 2001; Bailey and Pomeroy, 1996) and have shown that generalisations are not easily forthcoming because of temporal and spatial contingencies. For example Frickel and Freduenburg (1996) argue that the historical context of resource extraction can demonstrate considerable variation in 1) extractive capacity and technological innovation, 2) degrees of competition and globalisation pressures, 3) pressures towards over-adaptation, and 4) the sophistication of transportation systems. More recently Smith, Krannich and Hunter (2001) analysed the process of recovery among former western US boom towns after the bust, and showed a strong and consistent resiliency in social well-being indicators once the boom-time disruptions had past. Overall, this most recent research reflects a growing maturation of knowledge about resource extraction. Extraction is not generally good or generally bad. Its positive or negative effect on rural communities is contingent on a variety of contexts.

Most of the studies cited above come from the American literature, which has examined extractive activity on the 'frontier', or the economic and social periphery of an expanding US economy. By contrast this chapter explores these dynamics of extractive economies in the Irish context, where there has been no 'frontier' for

1,500 years, and in a coal mining town (Castlecomer) in Co Kilkenny which has scarcely been considered an Irish periphery. Moreover, Castlecomer provides a unique natural experiment for the boom/bust hypothesis. The town's coal production was a high profile part of the early Irish Free State's energy policy. Yet the mine struggled for profitability throughout the 1960s and eventually closed in 1969. Does the town's response to this dramatic event fit better with the resource extraction literature's 'pathology' model? Or were there contingencies unique to the place and time that produced a more positive outcome following the mine's closure?

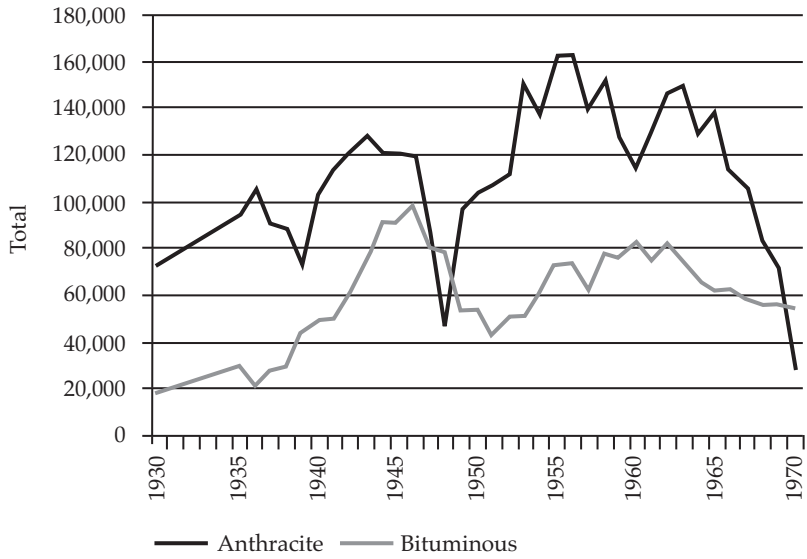
3.2 Irish coal mining

Coal production in Ireland has historically been a small industry, and its coalfields are quite small relative to coal reserves found in places like England, Wales, Poland or the United States. Coal was nevertheless an important component of the Electricity Supply Board's (ESB) energy policy for Ireland from its beginning in 1927. In particular, when Fianna Fáil came to power in 1932, coal (and turf) production became the energy centrepiece for developing Irish self-sufficiency – i.e. coal for home heating, and power for indigenous industrial development. There were two major coal reserves in Ireland from which to draw. The Leinster coalfield lies beneath the Castlecomer plateau and extends in an arc into parts of Co Carlow, Co Laois and Co Tipperary. Coal from this region is primarily anthracite coal, which is considered the highest quality grade of coal. Its low gas content and high heat output make it an efficient 'smokeless' variety of coal, ideal for home heating and electricity generation. The second major Irish coalfield is the Connaught coalfield located in Arigna, Co Leitrim, just west of Lough Allen, and extending into parts of Co Sligo and Co Roscommon, The coal from these reserves was primarily bituminous coal, which is considered a lower grade coal because of its higher gas content. Its higher gas content, however, made it ideal for coal gasification projects found in most urban areas of Ireland.

Figure 3.1 shows the trends in Irish output of both anthracite and bituminous coal between 1930 and 1970, which essentially reflect coal output from the two different coal regions of Ireland. There are at least four important stories that help interpret the trends in Figure 3.1. First, during the 1930s the most developed coal mining operation was the Castlecomer Collieries Company, producing

between 75,000 and 100,000 tons of anthracite coal annually. During this time the Connaught coalfield was just developing, producing about a quarter of what was being produced in the Leinster area. Throughout the decade Castlecomer Collieries produced nearly 100% of the total national output of anthracite. Annual growth in anthracite production in the 1930s was inconsistent. This was partly due to the difficulties of mining an 18" to 30" seam. But it was also partly due to an active labour organisation movement in Castlecomer and a stern company owner, which periodically led to work slowdowns, absenteeism and labour strikes. A two-month strike in 1940 came at a particularly bad time as coal supplies imported from England became scarce because of the war.

Figure 3.1: Irish coal production, 1930–1970



The scarcity of coal during the war had two further effects. First, the government encouraged further exploration and exploitation of the Leinster coalfield. So while Castlecomer Collieries was producing nearly 100% of the total anthracite output in 1940, it was producing only about 70% of the total anthracite output by the end of the war in 1945, as other coal companies found their niche. Second, the

reduction of coal availability during the war placed a hardship on urban coal gasification schemes. There were discussions in the Dáil during the early 1940s about coal shortages at the Dublin Gas Works, the Malahide Gas Works and the Drogheda Gas Works, and the subsequent concerns about meeting the cooking and heating needs of residents in each of these areas. As a result, the production of bituminous coal, which had a higher gas content than anthracite coal, tripled between 1940 and 1945. And while production fell off after the war, bituminous output during the 1950s and 1960s was generally about half the anthracite output during the same time.

The third notable feature of Figure 3.1 is the sharp decline in anthracite output in 1949. This reflects an eleven-month strike at Castlecomer Collieries, which lasted from 12 March 1949 until 14 February 1950. Its effect, once again, was to encourage further development of the Leinster coalfields by other companies. The Rossmore Collieries, the Irish Coal Mines and several open-cast mining operations flourished in the Castlecomer region during the 1950s. And the proportion of anthracite produced by Castlecomer Collieries fell to 60% in 1950 and less than half by 1955.

Finally, Figure 3.1 shows a precipitous drop in anthracite production in the late 1960s – i.e. the proverbial 'bust' for the Leinster coalfields. This in part reflects the closing of Castlecomer Collieries. But it also reflects the declining profitability of coal mining in the area. The coal seams in the Leinster field are quite narrow, typically less than one metre wide. So open-cast mining of seams near the surface can quickly exhaust the seam, and underground mining becomes quite costly the further one travels from the surface entrance. Therefore by 1970 bituminous coal production surpassed anthracite coal production. By the mid-1970s the *Irish Statistical Bulletin* no longer differentiated between anthracite and bituminous coal in its annual coal output statistics. The bulk of the nation's coal output was coming from the bituminous coal mines in the Arigna area.

During the 1970s and 1980s, however, the Irish coal industry faced declining prices from increased international competition, particularly from imported Polish coal. There was talk in the 1980s of building a coal-fired power plant on the north end of Lough Allen which would primarily burn Arigna coal. This never came to pass however, and the Arigna mine closed in the early 1990s. Today the Irish coal industry is a shadow if its former self during the mid-

twentieth century, comprised mostly of a few small companies and a handful of individual owner/operators.

3.3 Coal mining in Castlecomer

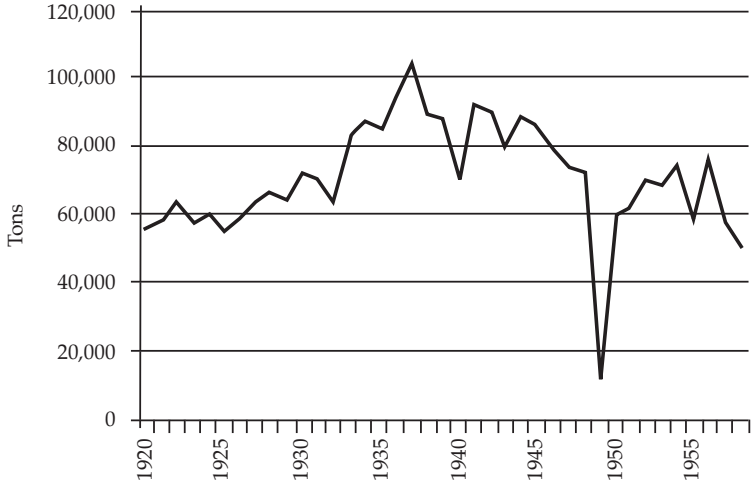
Coal mining has existed in some form in Castlecomer since the beginning of the plantation era when the Wandesforde family from Yorkshire was awarded over 20,000 acres of land in the Brennan territory of Idough (Lyng, 1984). In addition to the Wandesforde's agricultural efforts, they also immediately began mining operations in the region, using the coal to power their iron-making enterprises. The first coal seam opened in 1640 was called 'The Old Three Foot' and was worked for the next 150 years using the 'bell pit' technique. When exhausted, a second seam was located in the early 1800s known as the Jarrow seam. Over the next one hundred years, as many as six different pits were developed to mine coal from this source. In the early 1900s a third seam, the Skehana seam, was discovered and developed around the Deerpark, which became the centre of Castlecomer coal mining activity for the next fifty years. In early 1930 there were five major pits that comprised Castlecomer Collieries of the Wandesforde estate: Deerpark, the Jarrow at Clonneen, the 'Rock', 'Monteen', and the 'Vera' (Walsh and Walsh, 1999). Castlecomer anthracite had developed a degree of global 'brand recognition' in the 1930s as some of the finest quality coal in the world. During the decade Castlecomer Collieries sold coal to locations throughout Europe, Australia and the United States.

As the Collieries entered this modern era of coal production, output and profits increased. Figure 3.2 shows the annual coal output from Castlecomer Collieries, while Figure 3.3 shows annual company profits. The data from both Figure 3.2 and Figure 3.3 suggest that the opening of the Deerpark mine in 1924 was an important decision in the development of the company. Figure 3.2 shows that the company experienced a fifteen-year period of growth once the Deerpark mine was opened. Furthermore, it was not until the Deerpark mine was opened, and operations were consolidated at that site with aerial trams from outlying mines, that the company began to consistently yield a profit. The company, for the most part, would remain profitable for another thirty-five years.

In spite of hard economic times in Ireland the 1930s were a time of growth at the mines in Castlecomer. The company increased its annual coal output from 64,000 tons in 1928 to over 103,000 tons in

1937. During these same years, the company consistently remained profitable. Concurrent with this period of economic success was the existence of an organised labour movement led, as mentioned earlier, by one of the local miners Nixie Boron. Boron's ties to communism made company managers and politicians nervous, but he was generally considered a friend to miners in the area as he worked for improved wages and improved working conditions for forty years. (For example on-site dressing facilities and showers were not provided by the company until 1939.) Labour actions for improved wages are clearly reflected in Figure 3.2. In 1932 there was a six-week strike from 17 October to 28 November. There were also several work stoppages in 1934 that produced a small dip in coal output for the year. These events had small but noticeable effects on company profitability. The high profile 'stay down strike' of 1940, which was an eleven-week strike during May and June, was specifically protesting the sliding-scale system of payment. Finally, the eleven-month strike of 1949 and early 1950, which still remains the longest labour action in Irish history, had very clear effects on productivity, profitability and the future viability of Castlecomer Collieries.

Figure 3.2: Castlecomer Collieries coal production, 1920–1958[2]



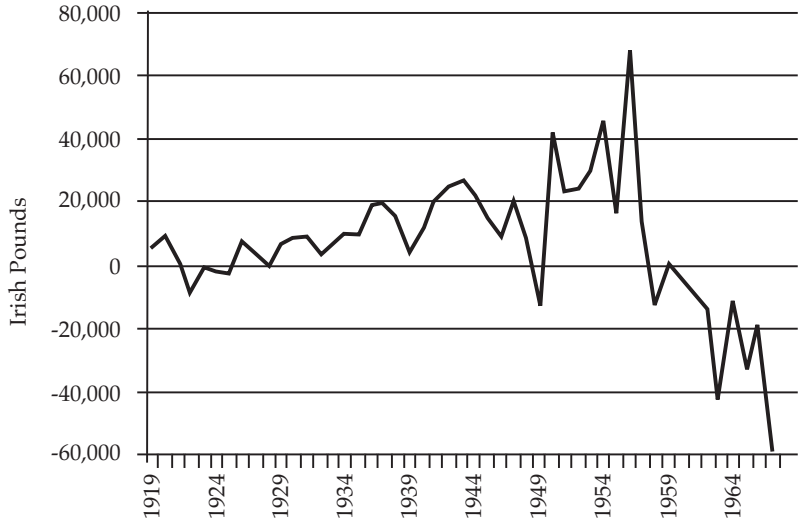
Source: Wandesforde Estate Papers, National Library of Ireland

[2] As of this writing, coal output figures from 1959 to 1969 are unavailable. While most of the Wandesforde Estate Papers are archived in the National Library in Dublin, there are still selected documents that are not publicly available.

Unfortunately for Castlecomer the two high-profile strikes of 1940 and 1949 helped stimulate new mine developments in the area. Beginning in 1940, the Castlecomer Collieries market share of anthracite began to steadily decline over the next twenty years. Castlecomer Collieries produced nearly 100% of all anthracite in Ireland in 1940, but only produced about 40% by 1948. While the Collieries managed to remain profitable for most of the 1950s, conditions turned sour in the 1960s.

Annual losses began in 1958 for Castlecomer Collieries (Figure 3.3). Like any underground mining operation, the distance from extractable resource to the surface constantly increased as miners chipped away at the outer fringes of the seam. This required increasing investments in machines and hardware to transport the coal and to keep the tunnels clear of water. By the 1950s this problem at Deerpark was becoming acute as the farthest point of the mine from the surface opening was approaching four miles.

Figure 3.3: Castlecomer Collieries annual profits and losses, 1919–1967



Source: Wandesforde Estate Papers, National Library of Ireland

The Irish government was a ready source of help as the economics of diminishing profits became a factor. Grants, bonded loans and tax

incentives on investment were consistent with state policies of encouraging indigenous business development. In 1963 Castlecomer Collieries announced its first mine closure and labour redundancy. The local and national outcry was fierce and the government quickly agreed to provide £60,000 in a loan to continue operations at the mine (Official Report, Dáil Éireann, vol. 219, col. 973). The government also commissioned a geological assessment of the area to identify available reserves and determine the economic viability of their exploitation. Its report issued in 1965 determined that the prospects for an economically profitable mine were poor. With the publication of the report the company once again announced a closure in July of 1965.

The public and national outcry was once again passionate. One member of the Dáil stated that '…if raw materials run out, as in the case of the Castlecomer Collieries, it results in the loss of livelihood for the entire community' (Official Report, Dáil Éireann, vol. 227, col. 355). Another TD stated that 'if you take the collieries from that town, Castlecomer becomes a ghost town' (Official Report, Dáil Éireann, vol. 219, col. 987). Still another TD called the situation at Castlecomer 'a very grave social problem' (Official Report, Dáil Éireann, vol. 227, col. 370). The response, once again, was to provide loans to the Collieries to continue operation. Nearly 400 people had been laid off in the 1965 closing, and the government provided sufficient funding to rehire 190. The government, in collaboration with several labour groups, also commissioned a second geological survey of coal reserves in the area. Finally, the Castlecomer area was designated as a 'special development area', where industries setting up in Castlecomer would qualify for up to two-thirds the cost of the development in government guaranteed grants, rather than the usual 50% development grant eligibility.

In sum, the government was unwilling to set the people of Castlecomer adrift without first providing alternative employment options. By the time the second geology survey of the region came out in 1968 with a finding similar to the first, the government had spent over £250,000 in subsidies (Official Report, Dáil Éireann, vol. 238, col. 989), as the Collieries endured losses of as much as £1,500 to £2,000 per week (Official Report, Dáil Éireann, vol. 239, col. 334). Nevertheless, even as the mine closed in January 1969 a new wool products facility opened in May of that year, initially employing a hundred people. Within a year of the mine's closure two other

industries opened in Castlecomer: Roadmaster Caravans and Kilkenny Products. The most notable feature of the Castlecomer story is that the government saw the writing on the wall for Castlecomer Collieries in the early 1960s and acted effectively to recruit industry that would ease the town's transition.

3.4 Castlecomer profile

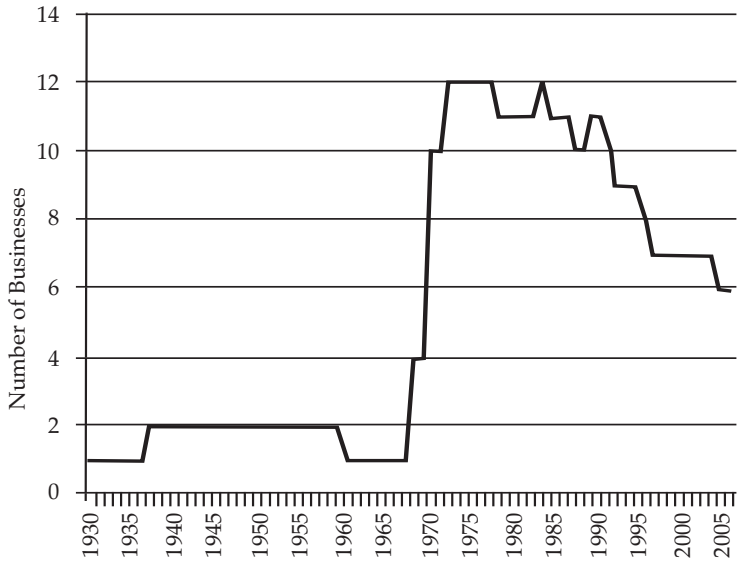
Once the coal mine closed in Castlecomer the town's primary response was economic diversification through industrial recruitment. Figure 3.4 shows the trends in industrial activity in Castlecomer from 1930 to 2005. Prior to 1970 the only constant industry in Castlecomer throughout the years was Castlecomer Collieries. From the 1930s to the late 1950s there was also a business that manufactured ornamental gates and railings. This picture changed dramatically with the closing of the mine in 1969.

Part of the industrial diversification beginning in the late 1960s continued the area's extractive legacy. Two coal companies began operating open-cast coal mining operations in the late 1960s, and one sand and gravel quarry also opened at the same time. During the 1970s and early 1980s, as many as three open-cast coal mines and four sand and gravel quarries were operating in the Castlecomer area. Throughout the 1990s and into the 2000s, two coal companies and two gravel quarries remained in operation. Irish Clay Industries maintained in addition a facility in Castlecomer from 1970 to 1995 drawing on raw materials quarried from the surrounding area. The Ormonde Brick Company also opened a manufacturing operation in 1992 on lands that had been part of the former Wandesforde Estate.

Castlecomer was also able to recruit a variety of other industries, beginning in the late 1960s. Castlecomer Mills, which was subsequently called Comer International and more recently Comerama, opened five months after the Deerpark mine closed and provided replacement jobs in its wool processing facility. In addition Kilkenny Engineering Products and Roadmaster Caravans opened in 1970, while Building Systems Ltd opened in 1972. Within two years of mine closure in Castlecomer, five new manufacturing industries had opened in the area, and a handful of new quarries and small coal mines had begun operations. The town was able to sustain this level of manufacturing activity for the next twenty years.

Ironically, as the 'Celtic Tiger' was heating up throughout Ireland, manufacturing activity in Castlecomer began to struggle. Roadmaster Caravans had already closed in 1984, and another three of the original five industries from the early 1970s closed in the mid-1990s. Building Systems Ltd closed in 1992, Kilkenny Engineering Products closed in 1994 and Irish Clay Industries closed in 1995. A medical appliance manufacturer opened in 1989 but only operated for nine years, closing in 1997. Similarly a company that produced ventilating equipment arrived in 1998 but closed in 2002. Perhaps most devastating in recent times has been the 2003 closing of Comerama, the original replacement industry from 1969.

Figure 3.4: Number of industries in Castlecomer, 1930–2005



Today the largest industry in the town is Ormonde Brick. In addition three smaller companies occupy the Castlecomer Business Park, which was the original site of Kilkenny Engineering Products: MCM Engineering, SRS Steel & Roofing Systems, and BDM Stone. There was also a new building under construction in the Business Park in 2006. Additionally, ISM Timber Framing opened in the former Comerama building in 2005. Ironically, the track record of

industrial development in Castlecomer, as the replacement for coal mining, has also resembled a boom/bust cycle, with an increasing rate of business turnover since the 1990s.

In spite of this fifteen to twenty-year upheaval of industry in Castlecomer, few people would think of the town as economically depressed. Road improvements and increased car ownership means that present-day residents of Castlecomer no longer have to rely on locally-based industry for employment, as miners did. The town's proximity to Kilkenny (twelve miles away) offers ample employment opportunities for those who choose to remain living in Castlecomer. It is also possible that the town is even becoming a distant 'suburb' of Dublin. A housing estate that began construction in the late 1990s offered cheaper housing prices for Dublin residents who did not mind the ninety-minute commute to the city. It could be that Castlecomer's competitive advantage in the coming years will be its community amenities: scenic qualities, heritage and small-town quality of life.

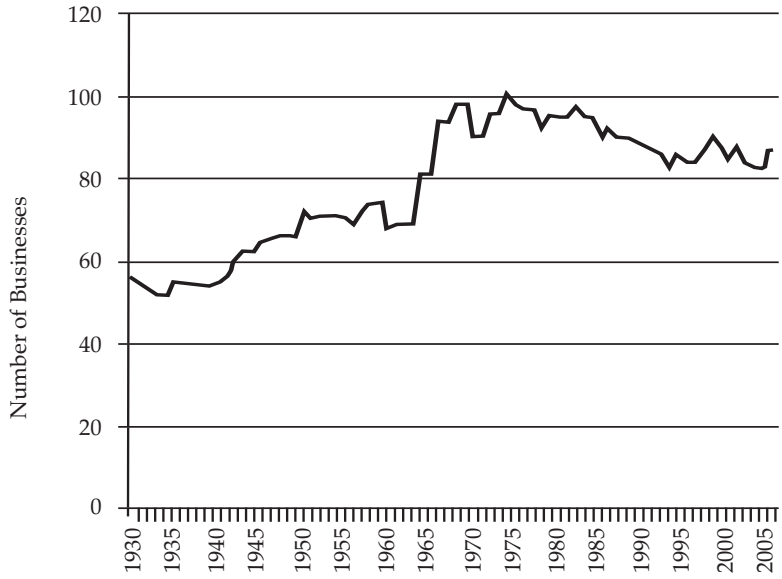
3.5 Change in Castlecomer

Does community change in Castlecomer resemble the boom-and-bust cycles associated with other resource extractive communities? Data on the business structure of the town show clearly that this was not the case (Figure 3.5). Instead, the only period of notable economic boom occurred as the mine closed, and industry filled in behind.

Most segments in Castlecomer's retail sector show two distinct eras: one era when the mine was opened and growth was quite modest, and a second era after the mine closed when business initially boomed but then has gradually declined. Figure 3.5 shows that during the first era there was virtually no growth in Castlecomer businesses between 1930 and 1941, which was a time of labour unrest accompanied by hard-fought wage increases and improved working conditions for the miners. There is little evidence to suggest that strikes and work slow-downs had any effect on the number of businesses. The stagnation was rather more likely due to hard economic times in the country as a whole. The number of businesses began to increase in the early 1940s, growing from 56 businesses in 1941 to 72 businesses in 1950; a 35% increase. Six new businesses were started between 1949 and 1950; these may have been set up by miners seeking alternative wages during the eleven-

month strike. The town sustained roughly 70 businesses throughout the 1950s as the Collieries maintained fairly healthy levels of profit for most of the decade (Figure 3.3). Businesses declined briefly in the early 1960s as the Collieries began to falter, until the first closure in 1963. Between 1963 and 1964 the number of Castlecomer businesses increased by 12, a 17% increase. Businesses also jumped after the second closure in 1965 when the number of businesses increased by 13, an additional 16% increase. The evidence suggests that closing the mine stimulated entrepreneurial activities among some who had presumably lost jobs in the mine. During the very same years that the mine was failing in the 1960s, the number of businesses in Castlecomer increased more than a quarter. And the town was able to sustain between 90 and 100 businesses for the next 20 years as new industry opened.

Figure 3.5: Total annual number of businesses in Castlecomer, 1930–2005



Source: *Thom's Commercial Directory* and *MacDonald's Irish Directory and Gazetteer*

Figure 3.5 shows that in the second era, business trends in Castlecomer essentially mirrored industrial activity. Between 1970 and 1988 the number of businesses fluctuated between 90 and 100. The closure of Roadmaster Caravans in 1984 appears to be related to a decline of 5 other businesses in the town. Industry closures in the early 1990s also may have been related to a continuing downward trend. Overall, the number of businesses has dropped by roughly 17% since its peak of 100 in 1974. Since the early 1990s the trend in Castlecomer businesses has been mostly flat.

3.5.1 Change in the business sectors

Have there been any specific categories in Castlecomer's business sectors that have benefited more than others during these two eras of change? Table 3.1 shows the percentage change in the number of businesses by sector across five stages of development outlined above. The results suggest that when the mine was open, there were no 'winners' or 'losers' among the different business sectors. Clothing and household goods businesses grew at a slightly faster rate than other sectors in the 1940s and 1950s but, overall, changes in the raw numbers were generally small. During the 1960s, as the mine was closing, there were significant increases in farm services, transportation and building-related businesses. At least two-thirds of the business start-ups in this decade were businesses of these types. All business sectors in Castlecomer began to decline in the late 1970s and 1980s. Patterns of change began to diverge, however, in the 1990s. Farm services, food and beverage, and clothing and household goods businesses showed declines, while transportation and professional services showed increases. These two sectors added a dozen new businesses to the town at a time when the more traditional sectors, such as food and clothing businesses were feeling the pressure of larger department stores and food outlets in nearby Kilkenny.

Table 3.1: Percentage change in the number of Castlecomer businesses by business type, 1930–2005

	Type of Business						
	Total Businesses (n=100)*	Farming Services (n=7)	Food/ Beverage (n=41)	Clothing/ Household Goods (n=32)	Trans-portation (n=10)	Professional Services (n=15)	Building (n=10)
1930-1941	0.0%	0.0%	14.8%	9.1%	50.0%	-14.3%	300%
1942-1959	23.3%	0.0%	6.3%	29.2%	-25.0%	16.6%	-33.3%
1960-1974	47.1%	600%	21.9%	3.7%	50.0%	0.0%	350%
1975-1988	-8.2%	-14.2%	-15.8%	-10.7%	-37.5%	-11.1%	-22.2%
1989-2005	2.3%	-80.0%	-15.6%	-4.2%	60.0%	85.7%	14.3%

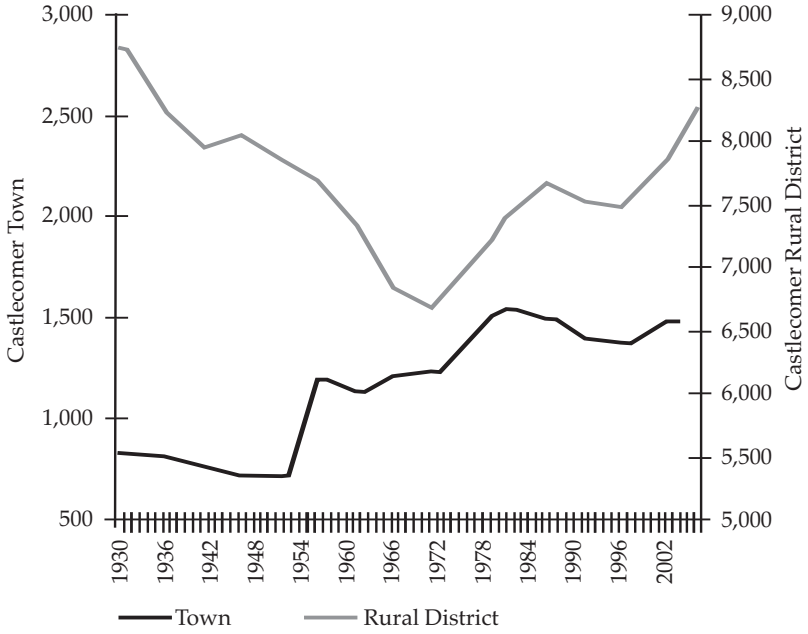
* The maximum number of businesses across all years

3.5.2 Population change

How have these changes in the way people make a living in Castlecomer been expressed in trends in population for the town? Figure 3.6 shows changes in population for both the town of Castlecomer[3] and the Castlecomer rural district, which would include the outlying villages where many of the miners lived. The left axis shows the town population trends, while the right axis shows the rural district population trends. The Figure shows two divergent population trends during the first era between 1930 and 1969. Town populations declined by about one hundred people between the 1930 census and 1951 census (a 13% decrease). However, the data show a substantial increase of over 300 new town residents between the 1951 and 1956 censuses. The population increased modestly through the 1971 census. During this forty-one year period from 1930 to 1971, the Castlecomer rural district population steadily declined from over 8,700 people to just under 7,000 people, or a 23% decline. This generally exceeds national emigration rates during the same time, and likely reflects the 'serious social deprivations' that affected those in the miners' union movement.

[3] DED town data from the 2006 census were not available at the time of writing.

Figure 3.6: Population changes in Castlecomer town and the Castlecomer rural district, 1930–2006



During the second era of change in Castlecomer, the town trends mirrored the rural district population trends. There was a sharp increase through the 1970s and into the 1980s. Between 1971 and 1981 the town grew by 25% as people took advantage of local employment opportunities in the town, and the rural district grew by 11%. Both the town and the rural district declined in population beginning in the mid-1980s and lasting through the mid-1990s. The Figure also shows that the town population had increased by a hundred people and the rural district population had increased by nearly 400 people between the 1996 census and the 2002 census, possibly reflecting a rise in a new commuter population of residents.

In sum, the descriptive trend data tell a story of a town with a coal mining industry that sustained the community but did not necessarily enhance the business structure of the community. The stories of shared hardships in the mine and labour unrest throughout the years contributed to a strong mining culture and community identity that served residents well for many decades.

But growth in company profits did not appear to contribute to community growth. The data also tell a story of dramatic change, beginning with the failure of the mine in the 1960s, which should have been a classic bust phase of Castlecomer's history. But the data also show an equally dramatic period of adaptation and recovery due to active state assistance in industrial recruitment. The data show that the boom-and-bust cycle so common in resource extractive communities was averted through active state intervention and adaptation.

Results from the statistical analysis confirm this story, as shown in Table 3.2. The Table demonstrates that various indicators of coal manufacturing output generally had a negative relationship with Castlecomer's business structure. Increases in coal output at Castlecomer Collieries were related to declines in the total number of businesses in the town. Increases in company profits also were related to declines in the number of businesses, declines that occurred relatively quickly (one-year lag). Finally, increases in total anthracite output in Ireland were associated with declines in the total number of Castlecomer businesses three years later. These results of course must be interpreted with caution. Most of the significant effect is likely coming from trends in the 1960s, when coal outputs and profits were declining and total number of businesses was increasing. Nevertheless, coal output was up in the 1930s when the number of businesses was static or declining. Similarly company profits were up in the 1950s when the number of businesses in the town was static. Together these indicators suggest that while businesses in Castlecomer certainly relied on wages paid to miners for their survival, growth in colliery productivity and profit (and perhaps increases in miners' wages) were not related to growth in local businesses.

By contrast, Table 3.2 shows that there was a positive relationship between industrial recruitment and growth in town businesses. These results show a four-year lag between an industry opening and growth in local businesses. They also show that each industry that opened in Castlecomer contributed to the start-up of nearly three other businesses in the town. Finally, the Table shows that there was no relationship between the manufacturing volume index for all of Ireland and the total number of businesses in Castlecomer. In other words Castlecomer's industrial success does not mirror Ireland's industrial success, particularly during the

'Celtic Tiger' years. The late 1980s and 1990s were a time when industry in Castlecomer and, subsequently, the number of businesses in the town, were static or declining.

Table 3.2: The effects of coal mining and industry on total businesses in Castlecomer

Total Businesses		
Coal Productivity	Auto-regression	Cross Correlation
Coal Output – Castlecomer Collieries	-.0002 (p=.00)	ns
Colliery Profits	-.0002 (p=.01)	-.47 (1-year lag)
Anthracite Output - Ireland	ns	-.40 (3-year lag)
Industrial Recruitment		
Castlecomer Industry	2.84 (p=.00)	.57 (4-year lag)
Manufacturing Volume Index	ns	ns

3.5.3 Implications of change

The results from the analysis of Castlecomer trends demonstrate that there was no evidence of a boom-and-bust cycle associated with mining activity in the town between the 1920s and the time when mining operations ceased in 1969. Even with growing productivity and sustained years of profitability at the mines, the town's businesses struggled through national economic difficulties in the 1930s and the 1950s. So while Castlecomer Collieries provided reasonably steady employment for roughly 400 people between the late 1920s and the early 1960s, the economic success of the coal company did not appear to contribute to community growth. And while data of the sort used in this study do not provide evidence for 'serious social deprivation', such a conclusion may be consistent with the active and often contentious labour union efforts throughout these decades.

Closing the mine was clearly not a positive change for the many individuals who made a living from mining. From a historical perspective, however, closing the mine appears to have been a positive step for the community. Coal mining in the Castlecomer

region even in the 1950s continued to be organised on the old landlord system of social organisation. The Wandesforde Estate, which had been granted the land on the Castlecomer plateau in the 1640s, owned and operated Castlecomer Collieries until its closure, and still owned the land and homes of some miners throughout much of the twentieth century. Rents were deducted from miner's pay, and many of the workers were not offered the opportunity to buy their homes from the Estate until the 1950s. So coal mining in Castlecomer may have artificially extended a dying system of land tenure and an outdated system of social organisation in rural Ireland. At the national level the elimination of protectionist industrial policies and new initiatives for integration into the European economy quickly led to the demise of coal mining in Castlecomer. And with active assistance from central government in Dublin, Castlecomer was able to join the modernising Irish economy.

The 'bust' effects of closing the mine in 1969 were mitigated by active state support during the transition years. There were fifty-one documented discussions in the Dáil during the 1960s about the difficulties experienced by Castlecomer Collieries, with uniformly active statements of support for keeping the mines open. The initial strategy was to provide financial subsidies for the company. But as economic failure became inevitable, the discussions switched to industrial recruitment alternatives. With this level of state support, the transition between mine closure and industrial development was nearly seamless, and the number of businesses in Castlecomer immediately flourished. Any 'bust' effects from closing the mine were instantly overshadowed by an industrial 'boom'.

This is not to suggest that the transition in Castlecomer was smooth. Replacement industries in the town were intended to provide jobs for unemployed miners. Yet this goal fell short of intentions. Live Register statistics for the Castlecomer rural district illustrate this point. As expected in the 1960s, the number of people on the Live Register increased by nearly fifty people in 1963 with the first mine closure, increased by over a hundred in 1965 with the second mine closure, and increased by an additional ninety people in 1969 with the final closure; a total of nearly 250 people. This number declined modestly by roughly fifty people by 1973, but then jumped again in the mid-1970s by nearly 150 people. By 1977 there were over 350 people receiving welfare subsidies from the government. At the same time the population of Castlecomer also

increased by nearly 300 people between the 1971 census and the 1978 census.

The message from these statistics is that new industry in Castlecomer attracted many new residents to the town and did not necessarily provide employment for displaced miners. Many of the younger miners moved their families to other mining areas in the Leinster coalfields or to the Arigna area and continued mining. Others found employment in construction, particularly in Dublin. One former miner pointed out to me that among older miners there was a spike in deaths during the first few years after the mine closed. Perhaps one in ten of the gravestones in the Moneenroe cemetery show men who died in the early 1970s. This miner guessed that overall perhaps one in four of the unemployed miners found work in the replacement industries that came to Castlecomer. So closing the mine forced a fairly dramatic change for many people in Castlecomer. And the industrial boom forced a rapid and substantial transition among town residents and community identity.

Castlecomer's industrial boom of the 1970s has faded however. What may be most troubling is that the town's industrial decline has happened during the same years of Ireland's industrial boom. In hindsight Castlecomer's industrial recruitment strategy appears to have been a classic case of 'smokestack chasing'. The singular goal was job creation, and success was clearly apparent for the first fifteen to twenty years of the town's industrial development. The strategy however has not been fully sustainable, with a good deal of upheaval among Castlecomer industries over the last fifteen to twenty years.

The town may currently be at a crossroads. It has a competitive advantage in its existing infrastructure, proximity to urban areas and small-town charm. It has an active community development council that has achieved a number of successes during the last few years. The community has recently opened the former Wandesforde estate yard as a studio for local artists to sell their work (pottery, jewellery, art, etc). There are plans to open a coal mining museum at the same site. Nearby, the town has also opened the Castlecomer Angling Lakes, where some of the former open-pit mines (now flooded) are stocked every three weeks during the summer season. These are all positive steps for the local quality of life in Castlecomer. But, if the town wants to become something more than a 'bedroom' community for people working in more distant urban

areas, it may also want to consider ways of becoming integrated into Ireland's cluster development schemes.

4

Farm commodities to food production: Ballaghaderreen, Co Roscommon

During the 2001 foot-and-mouth scare, the head of the local enterprise board in Ballaghaderreen was quoted in the *Irish Times*: 'Ours is essentially a farming community...We don't have the luxury of technology firms or large foreign employers here, so our exposure [to foot-and-mouth] is probably greater than anywhere else in Ireland'. His concern over the potential effects for the town of foot-and-mouth in the Republic may not be too exaggerated. Located at the geographic centre of Connaught, Ballaghaderreen is home to two meat-packing facilities, a butter and milk powder plant, and a large ruminant feed milling facility. The town is consequently a centre of regional production for three of the nation's major agricultural sectors: livestock, dairy and grains. Much of the output from these facilities today is exported. So Ballaghaderreen has sustained its agricultural heritage over the years. But the question asked in this chapter is, have changes in the town followed Irish trends, or is there something unique about Ballaghaderreen's adaptation to change? How has its transition from a regional producer and exporter/distributor of agricultural staples to a processor of exported food products helped and hindered its ability to adapt to the modernisation of Irish agriculture?

4.1 Agricultural commodities and dependency theory

The production of agricultural commodities fits the classic dependency-theory framework, and Ireland's colonial past offers a rather extreme example of the theory. Traditional development frameworks argue that change in isolated rural enclaves traditionally occurs 'organically'. Individuals grow crops and domesticate livestock for individual and family subsistence, develop networks of local exchange for goods and services, and specialise in various outputs that functionally serve a local collectivity. Those who manage to produce a surplus can then seek regional trading partners, where

one's surplus can be traded for scarce items that are produced in surplus in another region. These basic dynamics of production and trade help produce 'articulated' economies, characterised by diverse horizontal (local) linkages of exchange and functional and pragmatic vertical (external) linkages of trade. As these local economies develop, they can also choose to organise their system of trade around regional commodity production. Localities may specialise in one type of production (e.g. milk) and become trading partners with localities that have specialised in another type of commodity production (e.g. fish, grains, or copper pots, etc). In principle, the success of these vertical regional linkages depends on the health of a diverse set of local horizontal linkages that support commodity production.

Dependency theory, however, argues that development rarely occurs in such an orderly 'organic' fashion. Dependency theorists introduce the concept of power into the development equation and argue that power concentrated in accumulating capital tends to 'freeze' the development potential for the lower classes. This is especially true for rural areas engaged in commodity production. The decisions made by capital interests concentrated in the core remove commodity resources from the periphery as raw materials for urban-based processing, manufacturing, distribution and marketing. The result is a single dominating vertical linkage that leads to disarticulated economies over-adapted to single commodity production, and subject to the whims of external economic forces.

With the twentieth-century demise of colonialism and the rise of the nation-state, development economists acknowledged the inherent barriers against 'organic' development paths, and increasingly became aware of the contradictions of unregulated capital accumulation. Following the Bretton Woods Conference in 1946, developed nations of the world began to institute Keynsian-like policies of welfare intervention in the economies of underdeveloped nations. By using state resources to provide investment capital for modernisation and industrial development projects, the developed nations of the globe were attempting a sort of 'reverse articulation' of local economies. Instead of drawing raw materials from underdeveloped regions of the world to the developed regions, the goal was to provide investment capital from the core to situate businesses and facilities in the periphery that

would add commercial value at the site of commodity production. While the success of these programmes varies widely across the globe, it has become almost a development truism that value-added production, as opposed to commodity production, is the more favourable route to articulated, diverse rural economies.

The Irish example is an extreme case of dependency theory, particularly during the 1800s when the landlord system limited Irish agricultural exports to English trading partners. Rural Irish peasants rarely owned land, were hard pressed to accumulate surplus capital because of rent payments, and were at the mercy of English food commodity markets; mostly livestock on the hoof and grains. Because of this 150-year over-adaptation to commodity production, Irish agriculture struggled during the early years of the Free State. Efforts to modernise the industry also were slow, particularly with the Fianna Fáil emphasis on a development policy based on rural self-sufficiency. Ireland was not to return to real global competitiveness in agriculture until the Republic became a part of the EU and the institution of its Common Agricultural Policy (CAP) within Ireland's agricultural sector. And even in the early years of the CAP programme, Ireland's agricultural development featured commodity production for export markets. It was not until the 1980s that the sector turned to value-added food processing as the focus of its development efforts.

Do changes in Ballaghaderreen mirror these changes in Ireland? Is the town a microcosm of Irish agricultural trends – i.e. a case study of Ireland's agricultural transition from colonial dependency, to domestic self-sufficiency, to export food products? Or do agricultural trends in the 'heartland' of western Ireland reflect a different pattern of change from the rest of Ireland?

4.2 Agriculture trends in Ireland, 1930–2005

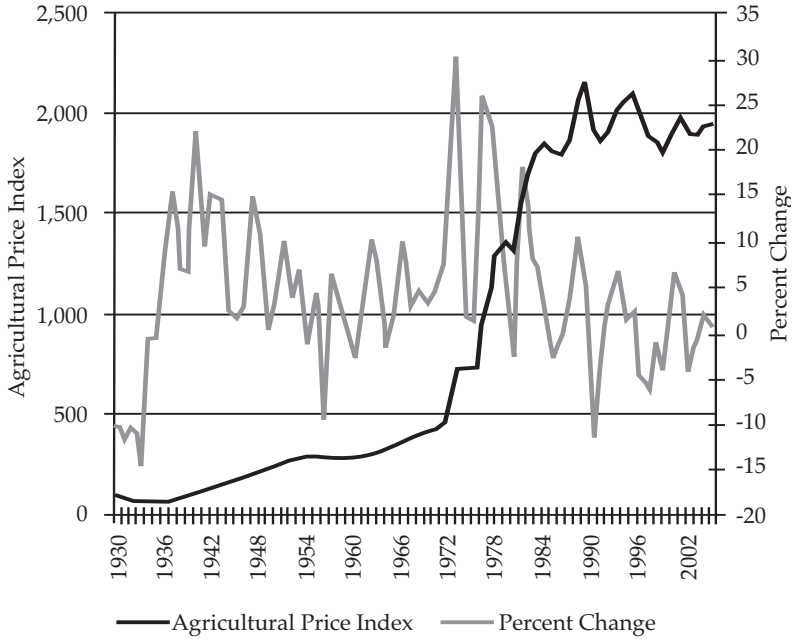
During the early years of the Irish Free State, the agriculture sector struggled to reassert its independence in the global marketplace, even with active state support to help increase foreign exchange. Beginning in the 1930s, de Valera's and Fianna Fáil's policy reversal and exhortation to 'speed the plough' for domestic self-sufficiency had modest effects on output in the agricultural sector. It was not until the modernisation efforts of the 1960s and entry into the EU in the 1970s that Ireland was able to reclaim its position in the global agricultural marketplace.

In this section, two measures of agricultural productivity are used to describe the changes in Irish agriculture. First is the agricultural price index (API), which is standardised to a base year currency that controls for inflation over time. The measure reflects changes in the total amount that is paid for the nation's agricultural output. The price index is not a 'clean' measure of output, because prices are dependent on consumer demand and commodity surpluses. So when the availability of commodities is low, prices are higher, even though production may not increase. The price index is, nevertheless, an indicator of the growth in profitability and overall economic health in the agriculture sector as a whole. The second measure is actual output, in this case output in milk (total annual litres for consumer and industrial use) and output in livestock (total number of cattle, sheep and pigs slaughtered or sold live).

4.2.1 Agricultural price index

Figure 4.1 confirms the struggles that the agriculture sector faced in the early years of the Irish Free State. Between 1924 and 1934 the API declined by an average of 5.4% per year. The worst period came in the later years of the Cosgrave government and the early years of the de Valera government when, between 1930 and 1933, the country faced double-digit declines. On average the price index declined by nearly 10% per year between 1930 and 1935. It was not until 1936 that the price index began to increase. And while there were increases from 1936 to the end of the decade, the price index was more than 10% lower in 1938 than it had been in 1930. Scarcities during the war quickly reversed these trends in the API. The price index began climbing dramatically in 1939, increasing by an average of 12.6% per year over the next five years. By the end of the war, the money paid to Irish farmers had increased by 71%. This rate of growth slowed gradually over the next fifteen years to the end of the 1950s, when the API increased on average by less than 1% per year between 1955 and 1959, with a particularly bad year in 1956.

Figure 4.1: Agricultural Price Index with the annual percentage change, 1930–2005 (Base 1930=100)



Even with state-led efforts during the 1960s to modernise Irish farming, increases in the API were modest, increasing by just 42% during the decade. There were a couple of good years in 1962 and 1966, when the price index increased by more than 10%. Nevertheless, the government's efforts to modernise all existing farms, large or small, only led to an annual average increase in the API of 3.3%. This all changed with Ireland's entry into the EU. With an immediate growth in agricultural subsidies, the API nearly doubled between 1973 and 1979 and then nearly doubled again during the 1980s. Between 1972 and 1973 the price index increased by 30.7%. It also increased by 25.7% in 1976 and 22.5% in 1977. Overall, the API increased by an average of 13.2% annually during the 1970s. The rate of increase slowed during the 1980s, particularly with some difficult years in mid-decade, but still remained strong at an average increase of almost 5% per year.

The peak of this agricultural boom was 1989. Beginning in the 1990s the EU changed its CAP rules. The changes, in part, resulted from a growing concern about product surpluses (for example the infamous EU 'meat mountain') and the EU's ability to effectively maintain commodity prices. The resultant changes in the agricultural subsidies led to an initial decline in the API in the early 1990s, and a decline again in the late 1990s. Overall, the 1990s saw an average annual loss of 1.8%, and the price index has been relatively flat into the 2000s.

4.2.2 Agricultural output

Figure 4.2 and Figure 4.3 also show that actual output in Ireland's agricultural sector has for the most part followed trends similar to the API. Figure 4.2 shows the annual output of milk in the Irish Republic. This trend visually mirrors the API trend, with three important differences. First, as the price index was increasing by double-digit annual numbers during World War II, the actual output of milk in the Republic was decreasing. Production of milk fell by over 100,000 litres annually between 1939 and 1945. Dairy farmers were producing less, but likely getting better prices for milk because of wartime shortages. The same story is shown in Figure 4.3 for livestock production. Between 1939 and 1945 the number of livestock processed or sold from Irish farms fell by 1.1 million animals. Livestock production continued its decline into the late 1940s before reversing the trend started in the early 1930s by government policy decrees.

The second difference between the API trend and output trends is seen in the 1960s. While the price index was increasing at a rather modest pace during the decade (annual average of 3.3%), the actual output of both milk and livestock was increasing more rapidly. Milk production in the 1960s increased by an average of 6% annually. Livestock production increased more modestly during this decade, but only because of more substantial increases in the 1950s (7% annual increases).

Figure 4.2: Annual Irish milk output in thousands of litres, 1934–2004

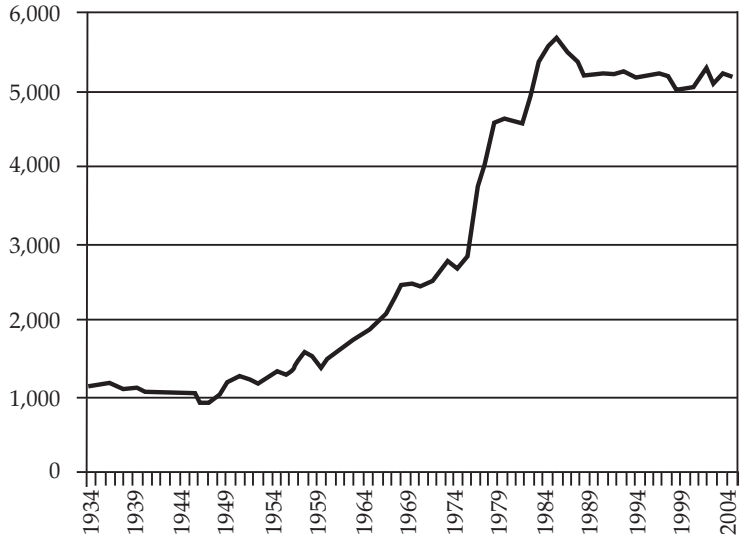
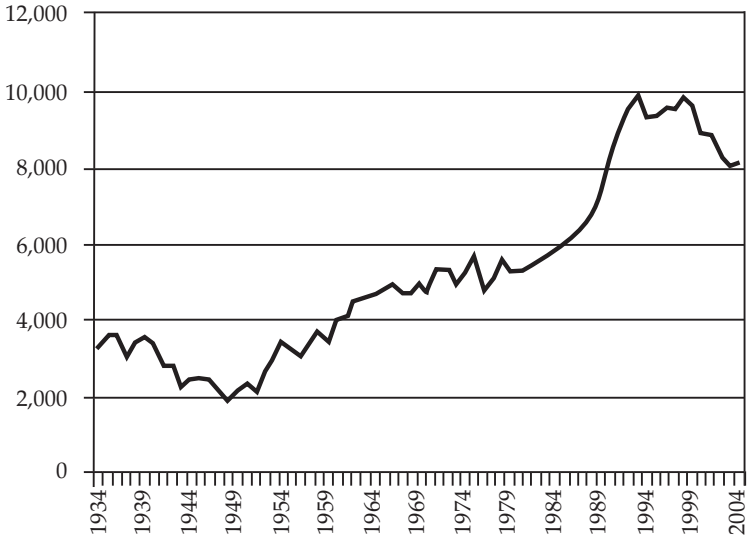


Figure 4.3: Annual Irish livestock production (cattle, sheep, pigs) in thousands, 1934–2004



Finally, the Figures show that milk output responded very directly to EU subsidies. When subsidies were paid, beginning in the early 1970s, milk production immediately increased from less than two million litres annually to well over five million litres annually. When subsidies began to be cut back, milk production responded in kind, although production remains at just over five million litres annually. Livestock production on the other hand was a bit less responsive to EU subsidies. Increases in output were modest in the 1970s and early 1980s. The biggest increase occurred between 1988 and 1993 (a 45% increase), but production has dropped off by nearly two million animals per year since the mid-1990s.

In sum, these Figures dramatically show how Ireland has made the transition in the twentieth century from small family farms as the backbone of domestic self-sufficiency to larger modernised farms that provide the staples for an internationally recognised Irish food industry. Changes in agricultural policy in the 1960s coupled with the timing of EU entry quickly thrust Irish agriculture onto the playing fields of global food markets. The success of the Irish food industry can take its place along with the industrial development clusters as one of the pillars of contemporary Irish economic development.

4.3 Agriculture and Ballaghaderreen

If Ballaghaderreen has sustained its agricultural heritage over the years, has it also mirrored these changes and successes of Irish agriculture? Or does farming in the town resemble the struggles of other towns in the west? The available evidence points to a viable and thriving agricultural sector that still dominates activity in the town. One of the reasons Ballaghaderreen has held on to its farming roots over the years is an 'accident' of geography. It is located at the centre of the Connaught region, roughly half way between the towns of Sligo and Roscommon, and about half way between Carrick-on-Shannon and Westport. This central location enabled the town to become a distribution node during the era of exported commodities, and then a production node in the era of value-added processing of food products. Agricultural success in Ballaghaderreen is a story of the interaction between location and inertia.

Historically the lands around Ballaghaderreen were some of the most densely populated in all of Ireland. The rural district, consisting of roughly 130,000 acres from Charlestown to

Ballyhaunis was one of the first regions designated in the Congested Districts movement of the late nineteenth century. And it was subsequently one of the first areas of activity for land reform efforts by the Land Commission in the early twentieth century. The result was that farms in the region were quite small; roughly one to four acres on average prior to the famine and slightly larger subsequent to the famine (P. McGarry, Personal Communication, 2001).

Under these conditions the type of farming in Ballaghaderreen mirrored farming in many parts of the west. Under the influence of mostly absentee landlords, farmers had no savings and no access to capital. As a consequence of this, all cultivation was done by hand on small plots that provided the subsistence food needs of the family and a small surplus to pay the rent. The Ballaghaderreen area for several generations was an important producer of hens' eggs. So farmers in the area typically grew potatoes and oats to feed the family, and feed the hens. The eggs from the hens would then be sold in the town (the distribution node) to pay the rent. The Ballaghaderreen area also supported the development of cattle production, both dry stock and dairy, as farm sizes grew following the famine.

By the beginning of the twentieth century there were at least three influences in the town that supported these farming activities in the region. One was the feed mill. A second was the establishment of the Ballaghaderreen Dairy Co-operative and a small creamery that it developed. And the third was the town's influential status as a regional market town – in particular its well-known merchants: Gordon's, Flannery's, and Monica Duff's.

Monica Duff's was probably the best known, in part because of its longevity. Duff's began operations in the early 1800s. But it was also well known because it was owned and operated by the Dillon family, which played a prominent role in Irish national politics from the late 1800s until the 1960s. In many ways, Duff's provided the model for 'professional' rural mercantilism, moving beyond the 'gombeen' mercantilism of eighteenth-century and nineteenth-century rural life in Ireland. Manning (1999) states that 'Monica Duff's was a byword in the West of Ireland for value and straight dealing'. Duff's was also the prototype for the early department store. In the early 1900s Duff's 'cater[ed] to every need in the community: grocery, haberdashery, millinery, footwear, hardware and bar. There was a builders provider's section, a bakery, bottling

plant, mineral water factory, piggery, egg exporting business, and farm, plus whiskey and tea blending and a profitable Guinness agency' (Manning, 1999). In 1920 the business supported a sales staff of thirty-five to forty people. In many ways Duff's and the other merchants of the town were leaders in the development of rural retail in Ireland, helping to establish Ballaghaderreen as one of the most prominent agricultural market towns in the province, if not in the west of Ireland.

A central location and a well-developed retail sector in Ballaghaderreen helped contribute to very lively and popular market fairs, held throughout the year in the town's square. This organisation of the town around small-scale agriculture markets appears to have lasted well into the 1970s with few changes. There was a strike among retail clerks in 1925, and the Ballaghaderreen Bacon Factory opened in the early 1940s. But beyond these occasional events the town sustained its role as an important agricultural market town while withstanding the normal ups and downs of farm commodity prices.

Just as the 1970s brought about significant changes to Irish agriculture, there were significant changes in Ballaghaderreen. The changes were not necessarily the result of a crisis. Both Gordon's and Flannery's closed in the late 1960s (Duff's closed in 1986). So the town's retail sector was undergoing some transitions. And the egg exporting business declined in the 1960s along with a similar decline in egg production throughout the country. But the town was no worse off than any other Irish town during the 1950s and early 1960s.

In fact the town simply appears to be the beneficiary of its central location coupled with EU entry and CAP opportunities. In 1972 the milk powder processing plant opened, originally under the name of Connaught Foods and later renamed Shannonside Products. In 1978 the NCF feed plant was opened. This was followed in 1979 by a company that manufactured cigars and other tobacco products. In 1982 a meat packing facility was opened on the north end of town. This plant operated as Halal Meats from 1982 to 1989. It was then purchased by United Meat Packers and operated for two years until the now infamous fire in early 1992 which destroyed over 7,000 tons of meat and cost the Irish taxpayers £34 million because of the company's shaky insurance contracts. The company was then taken over by Avonmore which operated the facility under the name of Irish Country Meats. In 1999 the facility was sold to Dawn Meats

which is the current owner. Finally, a mushroom-growing facility was opened in the town in 1994.

Today these plants use the most advanced technologies to produce branded products for the Irish food industry. Connaught Gold owns both the Shannonside milk powder facility and the NCF feed facility. At Ballaghaderreen it produces butter products under the Connaught Gold brand and milk powder and whey powder under the Kerrygold and other brand names. The NCF facility uses nutritional science technologies to make a variety of blends for ruminant livestock. The Dawn Meats facility is a slaughtering facility that processes both primal (trimmed and de-boned) beef and lamb carcasses for the grocery and catering trade, and consumer-ready retail packs under the Dawn Country Meats brand.

In sum, agriculture in Ballaghaderreen mirrors changes in Ireland's agricultural sector in many ways. The town has moved from small-scale farming using mostly hand cultivation techniques to a food processing industry that uses high-technology inputs. It has built upon its early success as a market town and retail centre for the province to develop a modern and competitive agro-industrial sector. Where Ballaghaderreen differs from other parts of rural Ireland is in the influence of Connaught Gold Co-operative on the region. Connaught Gold is one of the few remaining Irish co-operatives that limit shareholder ownership to farmers (in the Connaught region and Co Donegal). Kerry Foods by comparison is more characteristic of changes in the Irish food industry. It is an amalgamation of a number of regional dairy co-operatives into a large publicly-traded transnational corporation. Farming members of the Kerry Foods co-operative own only 30% of its shares. The Connaught Gold Co-operative on the other hand has remained closer to its original founding ideals, providing support for smaller family farms in the west of Ireland. Has this more traditional strategy made local places like Ballaghaderreen more or less adaptive to change? Will Ballaghaderreen's exposure to agricultural crisis be more severe, as suggested by the head of the local enterprise board? Or does the region's co-operative structure provide enough local control and empowerment to respond effectively to change?

4.4 Change in Ballaghaderreen

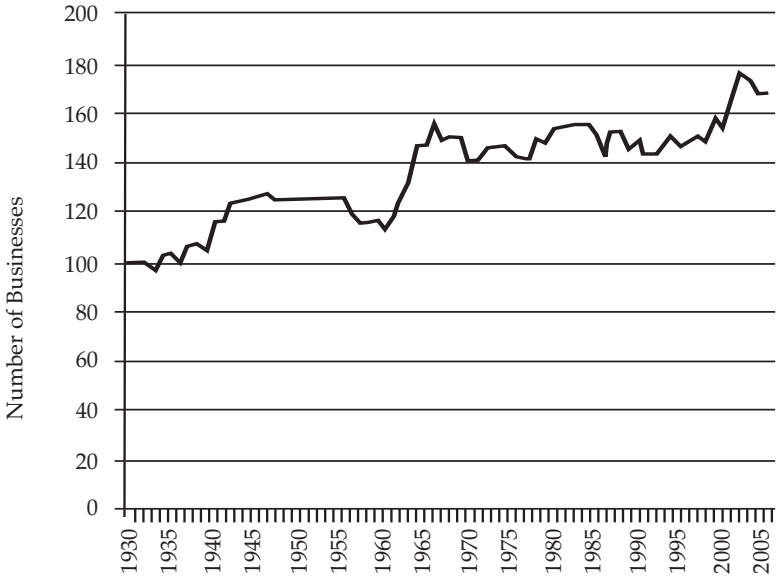
The results from Ballaghaderreen are unclear. Figure 4.4 shows three eras of business growth interspersed between long periods

when the number of businesses remained relatively stable. The first period of growth was from 1939 to 1942 when the number of businesses grew by almost 20%. This was the time at the beginning of World War II when the agricultural price index began to increase because of commodity scarcities, even though output in livestock and eggs was declining. Increases in agricultural prices appear to have been related to increases in the retail sector in Ballaghaderreen at the time. This relationship between prices and retail, however, was not evident later in the 1970s when EU CAP subsidies were increasing the API.

The second era of growth in the number of Ballaghaderreen businesses was during the 1960s when the number of businesses increased from 113 in 1960 to a peak of 155 in 1966 (a 37% increase). This growth may reflect changes in the town's retail sector. Two of the three large general merchants (Gordon's and Flannery's) closed during this decade and a number of smaller, more specialised merchants filled the retail gaps left behind. Moreover, Iarnród Éireann closed the Kilester-Ballaghaderreen spur rail line in 1963, so a number of car hire, carrier/haulier, and taxi services opened for business during this decade. Finally, the 1960s was the beginning of a boom in the number of building and construction businesses in Ballaghaderreen. The number of builders and contractors nearly tripled in the 1960s from six in 1960 to seventeen in 1970. This number had doubled again to thirty-four businesses by 2000.

The third era was a more modest period of growth from 149 businesses in 1998 to a peak of 176 businesses in 2002 (an 18% increase). The short burst of growth can be mainly attributed to the increase in the number of professional services and the number of transportation services. This also has to be correlated with the opening of the new Border, Midland and Western Regional Assembly headquarters in parts of the old Dillon house and Duff's store.

Figure 4.4: Total annual number of businesses in Ballaghaderreen, 1930–2005



Source: *Thom's Commercial Directory* and *MacDonald's Irish Directory and Gazetteer*

So while changes in the town's retail sector appear to be related to changes in Ireland's agricultural sector in the early years of the analysis, 1930 to 1960, the relationship is much less clear in the later years of the twentieth century. Growth in the retail sector in the 1960s happened prior to growth in modernised agriculture in the 1970s. Opening the Shannonside milk powder facility, the NCF milling facility, and the meat packing plant did not lead to an increase in the overall number of businesses in the town. Apparently, existing businesses were sufficient to handle local needs within the town's changing agricultural context.

4.4.1 Change in the business sectors

While it appears that changes in the agricultural sector were not related to changes in Ballaghaderreen's retail sector, there were clearly changes going on within the town's business structure. Table 4.1 shows the percentage change in different business sectors for

different periods during the twentieth-century development in the town. In the first era of growth during World War II, the Table shows that the bulk of growth in the town occurred within the clothing and household goods, professional services and the builders and contractors sectors. During the late 1940s and 1950s, when the number of businesses remained relatively constant, growth in clothing and household goods and builders and contractors continued. The numbers in the Table also conceal a significant increase between 1947 and 1955 in food-related businesses in the town, when the town supported as many as thirty-five pubs, twenty grocers and twenty confectioners. By the late 1950s the number of food-related businesses had decreased by roughly 15%. The second era of growth in the 1960s was driven again by growth in clothing and household goods businesses (with the closing of Gordon's and Flannery's) and growth in builders and contractors. This period also saw a significant growth in transportation-related businesses. There was little growth in the town between 1975 and 1995. Even so, the number of builders and contractors continued to increase, while transportation businesses lost some of their gains from the 1960s. This was also the first period in which clothing and household goods businesses declined. Finally, growth between 1996 and 2005 was driven by growth in professional services and in transportation services.

Table 4.1: Percentage change in the number of Ballaghaderreen businesses by business type, 1930–2005

	Type of Business						
	Total Businesses (n=176)*	Farming Services (n=8)	Food/ Beverage (n=81)	Clothing/ Household Goods (n=44)	Trans-portation (n=24)	Professional Services (n=26)	Building (n=36)
1930-1944	25.0	33.3	4.4	68.5	18.7	71.4	300.0
1945-1959	-7.2	0.0	-4.2	58.8	-26.3	0.0	50.0
1960-1974	30.0	66.6	0.0	95.2	53.8	-11.1	233.0
1975-1995	2.1	40.0	-31.8	-13.9	-11.6	6.2	52.8
1996-2005	12.7	-14.3	-9.0	0.0	13.3	41.2	-5.8

* The maximum number of businesses across all years

Overall, the results from Table 4.1 suggest that Ballaghaderreen maintained its role as a department store/market town into the 1970s with the growth of food and household goods merchants, and the maintenance of a variety of food service businesses. These traditional types of establishments began to decline when the agricultural processing facilities were set up, beginning in the 1970s, and a few farm service outlets and professional services began to take their place. Throughout the seventy-six years, growth in the building/contractor sector has also been steady. These results suggest that the era of the market town department store is over, while a new mix of retail outlets, professional services, and a thriving building and engineering sector, partly tied to the steel fabrication industry in the town, have filled in behind.

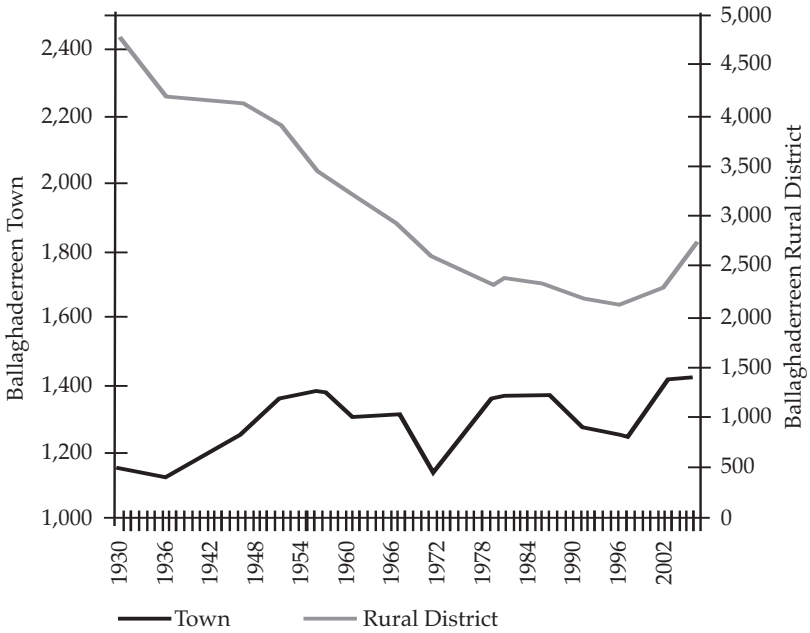
4.4.2 Change in population

Population statistics from the censuses help to further interpret the story of change in Ballaghaderreen. Figure 4.5 show census numbers for both Ballaghaderreen town (left axis) and the Ballaghaderreen rural district (right axis). The numbers for the rural district paint a similar story as found in much of rural Ireland. They show a steady decline of population throughout much of the twentieth century. Between the 1930 and the 1996 censuses, the rural district population for Ballaghaderreen declined by more than half (55%) from 4,778 people to 2,148 people. There was one exception to this decline when the population increased by about fifty people between the 1979 and the 1981 censuses.

The population in Ballaghaderreen town shows a different pattern. From the 1936 census to that of 1951 the population increased by 237 people (a 21.1% increase). It is possible that people were leaving the farms and finding employment in the town's thriving retail sector. The town's population began to decline however, along with all of Ireland, beginning in the mid-1950s, experiencing a particularly sharp drop between 1966 and 1971 (a 13.2% decline). This was likely the time when Ballaghaderreen's role as a regional retail centre was beginning to decline. With the loss of the rural farming population particularly in the 1950s, coupled with the growth in more urban-based retail centres, the town may have lost its competitive edge as a retail centre, leaving many smaller speciality shops competing for a shrinking retail market. The town's population rebounded quickly in the 1970s (by

19.7%) when the Shannonside milk powder plant and the NCF feed plant were opened. The new employment offered by these facilities sustained population through the mid-1980s, with some small declines in the 1990s (less than 2% per year on average) and a resurgence in the 2000s.

Figure 4.5: Changes in population in Ballaghaderreen town and the Ballaghaderreen rural district, 1930–2006



4.4.3 Time-series analysis

The results from the preceding descriptive analysis suggest an unclear relationship between changes in the overall business structure of Ballaghaderreen and changes in Ireland's agriculture sector. Results from the time-series analysis, however, tend to show a positive and statistically significant relationship (Table 4.2). The autoregression analysis provides a summary comparison of the trend patterns. Using generalised least-squares regression, significant relationships are typically found from trend patterns that have visually similar shapes. The results, consequently, indicate a positive relationship between the

total number of businesses in Ballaghaderreen and Irish agricultural productivity (agricultural price index, milk output and livestock output). Growth in the town's businesses generally occurred over time in a similar pattern to growth in the country's agricultural production. Additionally there was a significant negative relationship between Ballaghaderreen's businesses and Irish egg production. Between 1934 and 2004 egg production in the Republic generally declined from a high of over 1.2 billion eggs to a low of just over 450 million eggs in 1997. These declines in egg production were associated with overall increases in the number of businesses.

Table 4.2: The relationship between change in total businesses in Ballaghaderreen and Irish agricultural output and the development of the town's food processing facilities

	Total Businesses	
Agricultural Productivity – Ireland	Auto-regression	Cross Correlation
Agricultural Price Index	.02 (p<.00)	ns
Milk Output	.008 (p<.00)	ns
Livestock Output	.005 (p<.00)	-.34 (1-year lag)
Egg Output	-.08 (p<.00)	ns
Food Industry – Ballaghaderreen		
Food Processing Plants	9.2 (p<.00)	ns

Moreover, the number of food processing facilities in Ballaghaderreen was also positively associated with the number of total businesses in the town. In this case, however, growth in business occurred in the 1960s before the major growth in the town's food processing facilities. This indicates that growth in the agriculture sector did not cause growth in the retail sector in Ballaghaderreen. The finding simply means that growth in these two sectors occurred somewhat concurrently.

Cross-correlation analysis provides somewhat more evidence for causality. These results indicate that change in one trend is systematically associated with subsequent change in another trend. Table 4.2, for the most part, confirms that there is no causal link

between Ballaghaderreen's retail sector and agriculture. The only significant effect was a negative relationship between livestock output and businesses at the one-year lag. In other words annual increases in total town businesses are associated with decreases in livestock output the following year. This coefficient is of course tricky to interpret particularly because of a good deal of fluctuation in livestock output. This trend is cyclical as well, with small periodic declines every four years. Because of these fluctuations, the relationship between livestock output and town businesses appears to be coincidental rather than causal.

Taken together, these results suggest a parallel development of Ballaghaderreen's retail and agricultural sectors – small declines in the 1930s, modest growth in the 1940s and 1950s, strong growth in the 1960s and 1970s, and no growth in the 1980s and 1990s. The retail sector effectively serviced the farming community for many years during the early 1900s. But, even as the number of farmers declined, the retail sector did not also decline. Retail growth in the 1960s preceded the growth of food processing facilities in the 1970s, and both sectors sustained their level of productivity through the 1980s and 1990s. Together these data tell a story of a town that has weathered the country's periodic economic crises relatively smoothly and has adjusted to the modernisation of agriculture in a timely way. While the town's development path may have been slow and deliberate, its reliance on the agricultural sector has sustained a generally positive direction throughout the twentieth century.

4.4.4 Implications of change

The 'engine' of change in Ballaghaderreen might best be characterised as a process of developmental inertia. The town's locational advantage, strong political support and a successful retail sector have facilitated relatively smooth adaptations to agricultural changes. This passive type of development contrasts with development based on crisis management or deliberative planning. Beyond the well-documented ups and downs of the Irish economy through the twentieth century, Ballaghaderreen has experienced no debilitating economic boom or bust periods. The business structure of the town has only experienced periods of stability or growth. Any annual declines in the number of businesses have been small and impermanent. Moreover, the introduction of large-scale agricultural processing facilities in Ballaghaderreen was not the outcome of local

development initiatives. One member of the local development board told me that the facilities were built in the 1970s because of the town's central location and not because of the development board's industrial recruitment efforts.

So a variety of factors in Ballaghaderreen have eased the disruptions of change in the Irish agricultural sector. The town had an advanced retail sector that developed ahead of the national curve, and which was recognised well beyond the Ballaghaderreen rural district. The town also had a strong political champion in one of its residents – James M. Dillon. Throughout Dillon's thirty-seven year career in the Dáil (and Minister for Agriculture through two coalition governments in the 1950s) Ballaghaderreen was frequently used as an exemplar of trends and troubles in the country's agricultural industry. During Dáil debates Dillon would often refer to livestock prices he received in the town's market. His attachment to, and transparent advocacy for, his town helped create an identity for Ballaghaderreen, stretching far beyond Co Roscommon, as a prototypical agricultural market town.

If there was to be a crisis in Ballaghaderreen, it should have been concurrent with the agricultural modernisation policies beginning in the 1960s. The rural district had experienced steady depopulation throughout the twentieth century, and a farming policy that favoured larger, more efficient producers could not have helped the situation. This decline in the number of farmers created a strain on the large general merchants in the town. As these large establishments began to dissolve, the retail culture of the town meant that a number of smaller speciality outlets moved in to replace them. By the 1970s the town's location and image as an agricultural market town gave it a relative advantage over many other towns when the large food processing companies were making their investment decisions. During all these changes Ballaghaderreen was also quietly and slowly developing a substantial building and contracting sector.

So the good news is that agriculture over time has sustained the community of Ballaghaderreen and did so in a way that preserved the town's business structure, population and employment. It has even allowed for some modest economic diversification into a building and engineering sector. The bad news is that the development of value-added food processing facilities to the town has not had a direct effect on the business structure of the town. If

Ballaghaderreen is like the rest of Ireland, farm output in the 1970s and 1980s increased dramatically. With the introduction of two major food processing facilities in the 1970s and a third in the 1980s, the increased output from the farming and food sectors in the town was probably dramatic. Yet the number of businesses in the town remained mostly constant for a thirty-year period from the late 1960s to the late 1990s.

This finding suggests two conclusions. First, farmer profits from increased output are generally reinvested in farm modernisation strategies. And it appears that businesses in Ballaghaderreen are not supplying all the technologies and services required of a modern farm operation. Second, there appears to be a disarticulation of the local with the regional and the global. The companies represented in Ballaghaderreen operate on a global scale, with facilities in Ireland and the UK (Connaught Gold) and Europe (Dawn Meats). So corporate profits made from local production facilities may not necessarily be directly beneficial for town interests. While local industry has sustained a viable and important agricultural sector that is responsive to competitive demands in the global food and agro-industrial sectors, its impact on local growth initiatives is less clear.

Of course the real benefit of these facilities in Ballaghaderreen is the high-quality employment opportunities they provide. And the development of its agro-industrial sector has sustained Ballaghaderreen through the agricultural upheavals of the last fifty years. But this development strategy has not necessarily encouraged the sort of entrepreneurial initiative and creation of local capital resources that characterised the town in the late 1800s and early 1900s. The opening of the Border, Midland and Western Regional Assembly headquarters in 1999 plus an increasingly active local development council appear to have had some initial successes in the early 2000s. But it is still too soon to tell if the town can continue to ease its dependency on the agricultural sector such that its exposure to agricultural crisis will not be so great.

5

Agricultural market town to tourism and the service sector? Cashel, Co Tipperary

5.1 Tourism and economic diversification

One variety of adaptation to change frequently used in rural areas is tourism development. For example the Travel Industry Association (TIA) in the United States sponsors the 'Tourism Works for America' coalition, an advocacy campaign designed to promote the economic, social and cultural benefits of the tourism industry to citizens, communities, politicians, planners and other professional and business people. This 'Tourism Works' phenomenon mobilises a large body of research that documents travel-generated expenditures, local employment and wages, and tax revenues (TIA, 2002). The European Commission's Tourism Sustainability Group takes a more measured approach to their advocacy. 'Tourism can be a tool to aid or drive regeneration and economic development as well as enhancing the quality of life of visitors and host communities. Making tourism more sustainable will contribute significantly to the sustainability of European society' (Tourism Sustainability Group, 2007: 2). But beyond the commonplace boosterism and advocacy within the tourism industry, tourism is a prototype of the emerging service-sector economy that can provide an adaptive alternative to declining agriculture and/or declining industry in rural places.

Tourism is an especially good way to help diversify an economy. In rural areas that have historically relied on a single economic sector (e.g. farming, timber, or a textile plant), tourism can help diversify an economy by linking together diverse sectors of a community's retail and service businesses. When visitors arrive, they need places to stay overnight, food to eat from restaurants and grocers, beverages to drink, fuel, and occasionally repairs for their cars. Some tourists may need to buy supplies from a pharmacy for an upset stomach, a cold, or a skinned knee. Others may need to buy raingear, lawn chairs, or guide books and maps that they neglected to bring. Still others will want telephone service, travel information,

currency exchange, and numerous other services that will help make their visit to an unfamiliar place comfortable and relatively trouble free.

Initially the same shops and businesses that provide services for local residents can accommodate the influx of tourists. Tourism, therefore, is often seen as an ideal form of adaptation because it is a low-cost investment in the future. Rural communities need only to advertise themselves as a tourist destination, i.e. 'open for business'. Once a tourist destination builds momentum, tourist demand broadens. Visitors begin to want expanded amenities such as hotel swimming pools, in-room whirlpool baths, sidewalk cafes and twenty-four-hour cash machines. They also want specialised consumer products such as gourmet restaurants, bagel shops, specialty coffees, gift shops and antique shops. In short, they want a wider selection of consumer goods. Tourists also want formal activities during their stay such as guided tours, special children's programmes, interpretive programmes and local cultural performances.

As tourism demand changes, host communities also change the way they meet tourists' needs. The most successful destinations will, over time, alter their way of thinking about tourism; from 1) tourism as the provision of attractions, to 2) tourism as the provision of satisfying visitor experiences, to 3) tourism as the provision of unique travel products. And the most successful communities will also become more deliberative in their planning for tourism and collaborative in their efforts to deliver a unified vision of their tourism product. In sum, planned and collaborative tourism development has the potential to effectively network a mix of economic sectors in rural communities; sectors as diverse as food, accommodation, medical, entertainment, communications, education, transportation, retail, information technology and marketing. Tourism as an economic activity can provide the foundation for the expansion of a diverse and vital local economy in struggling rural communities.

Does it always work? And does it work any better than more traditional strategies of rural development such as agro-industry or industrial recruitment? This chapter explores these issues in the town of Cashel, Co Tipperary. Cashel is the home of one of the most popular tourist destinations in Ireland – the Rock of Cashel. How specifically has the structure of the town responded to changes in

tourism activity in Ireland and to increasing visitation to the Rock of Cashel?

5.2 Tourism in Ireland

Tourism, or holiday making, and the rise of holiday resorts, particularly seaside resorts, were the product of emerging English industrialism in the late 1800s. The first state intervention in promoting the 'holiday habit' in Ireland was the Local Government Act of 1925. This Act allowed local governments to establish a 'tourist rate', or the present-day equivalent of a rooms-and-meals tax, which could then be used by local governments for tourism advertising and promotion. The Act also established the Irish Tourism Association, which served as the central government's mechanism for tourism promotion. Local governments with established tourist rates could elect to donate their revenue to the Irish Tourism Association (ITA), which would then lend its marketing expertise to promote local destinations.

The Tourist Traffic Development Act of 1931 followed the earlier legislation to help improve on deficiencies of tourism promotion. The legislation stabilised funding for the ITA by granting an annual operating budget (but less than £20,000 annually) and required money from all local tourist rates to go to the ITA. In addition to centralising tourism advertising and promotion in the ITA, the 1931 Act also expanded the ITA's responsibilities to include hotel inspection. Even so, by the end of the 1930s, Ireland's tourism accommodation as a whole continued to be outdated and substandard and the ITA continued to suffer from insufficient budgets.

These conditions led to the enactment of the Tourist Traffic Bill of 1939, which served as the foundation for tourism promotion in Ireland today. The Act first revamped the way the state tourism promotion authority was constituted, resulting in the Irish Tourist Board (ITB); subsequently known as Bord Fáilte and today called Fáilte Ireland. It initially granted the ITB a £45,000 annual operating budget, and there have been numerous amendments through the years to increase that amount. The 1939 Act also expanded ITB authority in four key ways. First the ITB oversaw new laws that required compulsory registration of all accommodation across Ireland, including hotels, inns, guesthouses, campsites, and so forth. Along with this it was given responsibility for establishing

standards and grades for all registered accommodation. Second, the ITB became the enforcement authority for a new system of signs, advertisements and compulsory posting of price lists on the premises. Third, the ITB was in charge of dispersing up to £600,000 annually in loans to business people for the creation or modernisation of tourism attractions, accommodation and infrastructure. Finally, the 1939 Act gave the ITB authority to establish 'special tourist areas' that carried more restrictive zoning and development standards that were designed to protect the qualities of an area that were most attractive to tourists.

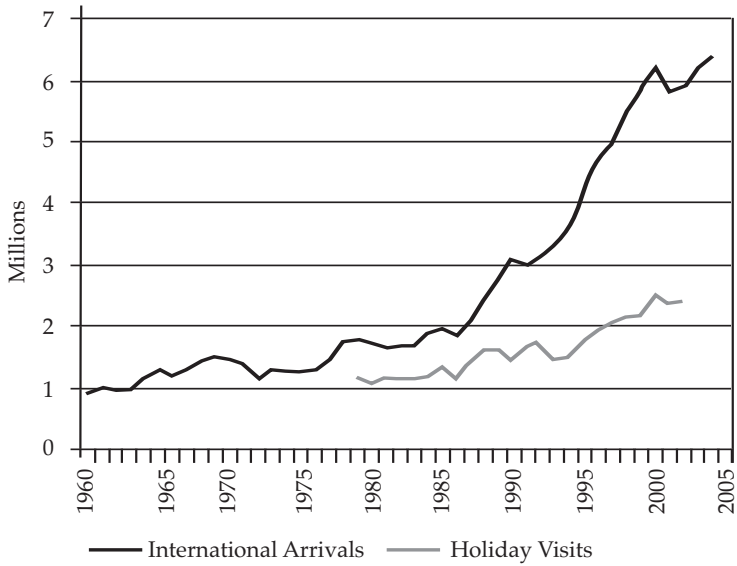
With the organisational structure for Irish tourism promotion in place in the 1940s, Ireland was able to capitalise on the post-World War II expansion of international tourism. While the central government began estimating tourist visits and tourist expenditures, beginning in the early 1950s, these early figures are significantly higher than, and therefore not comparable to, the figures published by Bord Fáilte beginning in 1960. Figure 5.1 shows the growth in the annual number of visitors to Ireland over the previous forty-five years.[4] This trend shows modest growth in the number of people coming to Ireland between 1960 and the late 1980s. Total international arrivals in Ireland was just under one million (941,000) in 1960 and did not surpass two million (2,098,000) until 1987. The early trend reflects a decline in arrivals during the energy crisis of the early 1970s and stagnate growth throughout the global recession years of the early 1980s.

The number of people visiting Ireland began to grow dramatically after 1987, doubling to four million visitors between 1987 and 1995 and tripling to six million visitors between 1987 and 2003. This rapid growth of international visitors is most likely a reflection of Ireland's 'Celtic Tiger', as business travel exploded. Yet tourism clearly benefited from the country's economic boom, following similar, albeit more modest, growth trends. The number of holiday visits to Ireland was relatively flat in the early 1980s at around 1.1 million annually. This was followed by some increases in the late 1980s and strong growth in the late 1990s, such that the number of holiday visitors to Ireland had doubled between 1986 and 1999, reaching a peak in 2000 of over 2.5 million tourists. Overall, these trends indicate that tourism is a well-established part

[4] Bord Fáilte did not differentiate holiday visitors from total international arrivals until 1979.

of Ireland's economy, and the changes in tourism activity appear to mirror broader economic trends.

Figure 5.1: Annual number of international visitors to Ireland, 1960–2004



Source: Bord Fáilte and Fáilte Ireland annual reports

5.3 Tourism in Cashel

During Ireland's tourism boom of the last two decades, the striking photographs of the Rock of Cashel have been featured prominently in Fáilte Ireland's promotional materials. But the iconic status of the 'Rock' is a relatively recent phenomenon. Prior to 1970 the Rock of Cashel was an undeveloped heritage site with uncontrolled access and minimal services offered by the Office of Public Works. The historical importance of the Rock of Cashel was of course recognised by all, but efforts to proactively manage the site did not begin until the late 1950s when one TD in 1959 expressed his disbelief that the Irish flag was not flown at the site. Later, in the 1960s, numerous Dáil discussions were initiated about the

possibility of government funding to renovate various parts of the site. But in each case the Minister for Finance would assert that the Office of Public Works had a statutory mandate only for maintenance of Irish heritage sites, not renovation.

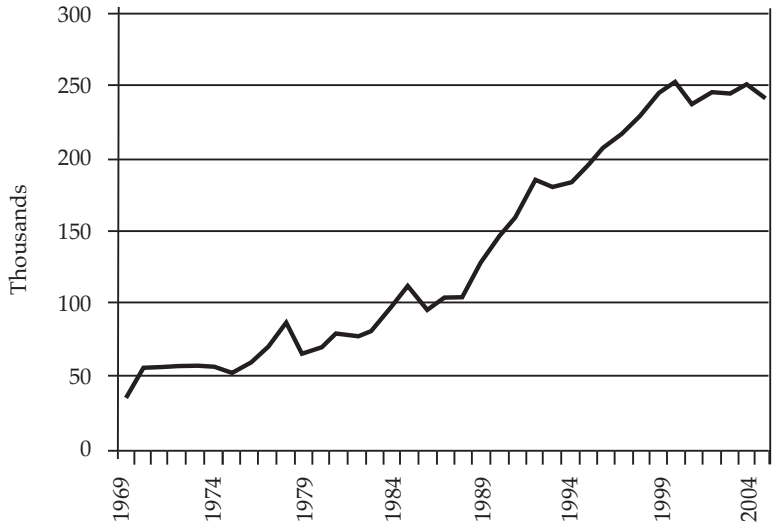
By way of compromise the local TD from Cashel convinced the minister to allocate money to hire tour guides at the Rock. Beginning in 1969, half a dozen tour guides were hired to provide interpretive services for visitors. Renovation money for the site, however, was not to come until Ireland's entry into the EU in 1973, when development funds were made available to restore the Vicar's Chapel as a controlled entrance and information centre. Restoration work was completed on the chapel in 1980 and visitation to the Rock nearly doubled during the ensuing decade. Further EU money was secured in 1988 for restorations to the Vicar's Chorale and for replacing the roof on Cormac's chapel. As a result of these efforts the Rock of Cashel has become a top-ten tourist attraction in Ireland, drawing as many as 250,000 visitors every year.

The number of annual visitors to the Rock of Cashel was first recorded in 1969, when the tour guides were initially hired. Figure 5.2 shows the annual number of visitors to the site for thirty-six years between 1969 and 2005. Growth was fairly dramatic from 1969 to 1970, perhaps because of the guides and perhaps also because of initial counting methods. This was followed by a flat trend through the early 1970s and then modest and inconsistent growth between 1975 and 1989. Overall, visits to the Rock of Cashel doubled from just over 50,000 in the early 1970s to just over 100,000 in the late 1980s. Starting in the late 1980s, however, annual visits to the site increased dramatically, doubling from 100,000 to over 200,000 in a decade, and peaking at over 250,000 visitors in 2000, and sustaining those numbers for the last five years.

The trends in visitation to the Rock of Cashel are closely correlated with the trends in visitation to Ireland. The cross-correlation analysis between Irish visitation and Rock of Cashel visitation was significant at the zero-year lag ($ccf = .49$; $se = .16$). This means that the rate of change in Irish visits at one point in time closely mirrors the rate of change in Rock of Cashel visits during the same point in time. In other words growth in visits to the Rock of Cashel have directly benefited from growth in overall tourism to Ireland. In addition these correlated trends also mean that over time roughly 4% of all international visitors to Ireland have visited the

Rock of Cashel, and slightly less than one in ten of all holiday visitors to Ireland (roughly 8%) have visited the Rock of Cashel over the years.

Figure 5.2: Annual number of visitors to the Rock of Cashel, 1969–2005



Source: Office of Public Works and Fáilte Ireland

5.4 Cashel profile

Cashel was selected for this study primarily because of the Rock of Cashel – which overlooks the town – and the tourism activity in the town that follows. Tourism however is not the only economic activity in the town. Historically, Cashel was an important agricultural market town, in part because of its location in the heart of Ireland's 'golden vale'. The 1930s were the peak of the town's influence over regional agriculture when the town had as many as nine cattle dealers, two dairies, three corn dealers, one brewer's agent, one miller and two saddlers. Today there are fewer people involved in agricultural market activities in the town, but there is still an active livestock market (Cashel Cattle Mart) and an animal

by-products processor. In addition the prestigious Coolmore stud farm is located close by in Fethard. So Cashel has clung to its market town roots throughout the twentieth century.

Cashel has been less successful over the years in bringing industry to the town. Two industries opened in the early 1970s in the town: the Textile Manufacturing Company in 1970 and Bar-Ware Enterprises Ltd (an importer and wholesaler of pub and restaurant glassware) in 1971. The Textile Manufacturing Company closed in 1994 and Bar-Ware still operates today. Cashel was also able to benefit from IDA cluster development strategies beginning in the 1990s when Rima Pharmaceuticals opened in 1992 and was subsequently purchased by Ranbaxy International in 1996. At its peak in 2001 Ranbaxy employed roughly eighty-five permanent workers and another fifteen temporary workers, although it announced that it would be closing in early 2007. In 2003 a second pharmaceutical company opened in Cashel: AZLA/Johnson & Johnson which hoped to employ as many as a hundred people at its facility. Finally, a heating equipment (cooker conversion) company, H & F Enterprises, opened in 1996. So Cashel has only recently seen success in its industrial development efforts, and employment in this sector has been modest until the last few years.

Cashel has a somewhat longer history as the host of national and private healthcare facilities. Our Lady's Hospital is a small general hospital with seventy-seven beds and roughly 300 admissions per week. Managed by the South Eastern Health Board, this hospital provides everyday care mostly for people in South Co Tipperary. Cashel also includes two elder care facilities. St Patrick's Geriatric Hospital is state run, while St Theresa's nursing home in the former Presentation Convent is a private facility. Cashel also hosted St Anne's Nursing Home until it closed around 2000.

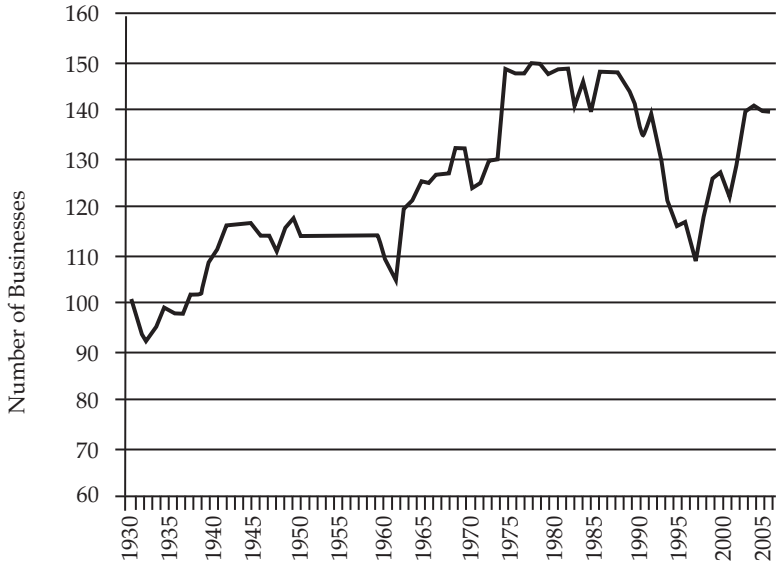
Overall, the community of Cashel has benefited from the state-run healthcare system in Ireland, from IDA assistance in industrial recruitment, and from EU money for renovations at the Rock of Cashel. Yet throughout the twentieth century the dominant source of employment and economic activity for the residents of the town came from its retail sector, which historically serviced regional farmers' needs.

5.5 Change in Cashel

How has Cashel adapted to changes in the town? Overall, the data indicate that tourism has not been the engine for change and adaptation in Cashel. Figure 5.3 shows the trend in the total numbers of businesses in Cashel between 1930 and 2005. These data show at least six stages in the development of Cashel's business structure.

The first stage ran from 1932 until 1941 when the town added fourteen new businesses. These business additions were noteworthy because they began during hard economic times when Ireland was locked in a trade war with England from 1932 to 1938. The second stage ran from 1942 until 1961 when the number of businesses remained relatively stable over time. During this time, the number of business closures and start-ups did not differ from preceding or subsequent decades. But when businesses closed, they were quickly replaced by similar business start-ups. This was a time when the 'town went to sleep', as described by one Cashel resident, and little innovation was occurring in the town's business structure. The third stage lasted between 1962 and 1974 when the town saw the addition of thirty new businesses during the fifteen-year period. This growth also corresponded to the early decades of Irish economic reforms when Ireland became more active in the European and global economy. A fourth stage occurred between 1975 and 1986 when growth peaked and the number of businesses was sustained during the subsequent twelve years. During these years Cashel continued to serve in its role as an agricultural market town, as the number of farm service businesses remained constant during declining agriculture activity in other parts of the country. The fifth stage occurred from 1987 until 1996 when the number of businesses in Cashel declined by forty. This was a time when many long-established businesses closed their doors, in part because of competition from large department stores like Dunne's and Tesco and in part because of the global and national economic hard times of the 1980s. Finally, the most recent stage occurred between 1997 and 2002 when the number of Cashel business establishments made a comeback, adding thirty new businesses to the town.

Figure 5.3: Total annual number of businesses in Cashel, 1930–2005



Source: *Thom's Commercial Directory* and *MacDonald's Irish Directory and Gazetteer*

5.5.1 Change in the business sectors

This profile of changes in the business structure of Cashel raises two questions. First, if the structure of the retail sector is changing from smaller locally-owned establishments to larger franchise businesses, as suggested above, how specifically has the mix of establishments changed over time? Table 5.1 shows the percentage change among different types of businesses during each of the six stages of change in Cashel. This Table shows that during the first stage of business growth in Cashel (1932 to 1941) the big gainers were transportation services (motor mechanics, car hire, carriers/hauliers, cycle agents) and building services (contractors, joiners, painters). Six new building-related businesses were added and eleven new transportation businesses were created in Cashel during this time. These gains in building and transportation, however, were not sustained over the ensuing twenty years, as these sectors lost nearly all of the businesses created in the 1930s. At the same time there were modest gains in the number of food and beverage businesses

(grocers, publicans, victuallers) and the number of professional services (solicitors, auctioneers, insurance agents). During the third stage of business growth in Cashel (1962 to 1974), transportation and building businesses once again increased, along with farm service businesses and tourism-related businesses (accommodation, restaurants). Of the thirty new businesses added, twelve were tourism related. Change during the fourth stage (1978 to 1986) was modest, although the number of building-related businesses continued to grow. The bulk of the change in the fifth stage included declines in clothing and household goods shops and food-related businesses. Out of forty businesses lost in Cashel during this time, ten were clothing and household goods outlets and twenty were food-related establishments. There were also across-the-board declines in most sectors (with the exception of professional services), but the most significant declines were in the locally owned 'shopkeeper' and publican types of businesses. When the town rebounded in the sixth stage (1997 to 2002), tourism-related businesses led the way along with a rebound in food-related and beverage-related businesses.

Table 5.1: Percentage change in the number of Cashel businesses by business type, 1932–2002

	Type of Business							
	Total Businesses (n=150)*	Farming Services (n=14)	Food/ Beverage (n=69)	Clothing/ Household Goods	Trans-portation (n=22) (n=50)	Professional Services (n=26)	Building (n=9)	Tourism (n=19)
1932-1941	26.1	7.7	20.0	30.4	220.0	0.0	200.0	14.3
1942-1961	-9.5	-50.0	20.8	4.3	-43.8	33.3	-88.8	-12.5
1962-1974	41.9	42.8	-8.6	40.0	88.8	33.3	400.0	114.3
1975-1987	0.0	-10.0	-11.1	7.1	17.6	12.5	60.0	13.3
1988-1996	-24.3	-77.7	-41.1	-31.1	-45.0	11.1	-25.0	-23.5
1997-2002	28.4	0.0	33.3	16.6	27.3	15.0	-16.6	38.5

* The maximum number of businesses across all years

The story that the data in Table 5.1 suggest is that Cashel was a traditional and mature Irish 'shopkeeper' town still hanging on to its role as an agricultural market town late into the twentieth century. During the late 1980s, when Cashel was able to sustain its peak of just under 150 businesses, there were still 16 establishments (more than one in ten) that had been in business under the same name for more than 50 years. Nine of these businesses closed in the early 1990s, and only three of them exist today. An additional 33 businesses (22%) had been in existence under the same name for more than 25 years in the late 1980s. By the end of the 1990s, only half (a total of 17) of these same establishments were still in existence. The average age of Cashel businesses had peaked at approximately 21 years in the early 1990s, and has declined to just under 17 years 10 years later. As a consequence there is evidence to suggest that Cashel is undergoing a significant transition in its business structure.

5.5.2 Change in population

Population changes in the Cashel area reflect two stories that do not exactly match population change in other parts of Ireland. While the Cashel rural district population declined between 1930 and 1966 like most other parts of rural Ireland, its decline was more modest (Figure 5.4). The area lost more than 3,000 residents but, with nearly 16,000 residents, this represented only a 20.1% decline. Unlike other parts of Ireland, the rural district's population increased substantially during the 1970s by nearly 2,000 people, representing a 15% increase. The region sustained this population through the 1996 census and then saw substantial population growth during the next decade, adding another 2,000 residents between 1996 and 2006. It appears that the Cashel rural district, which lies in heart of the Golden Vale, benefited directly from the influx of EU CAP funds for Irish agriculture.

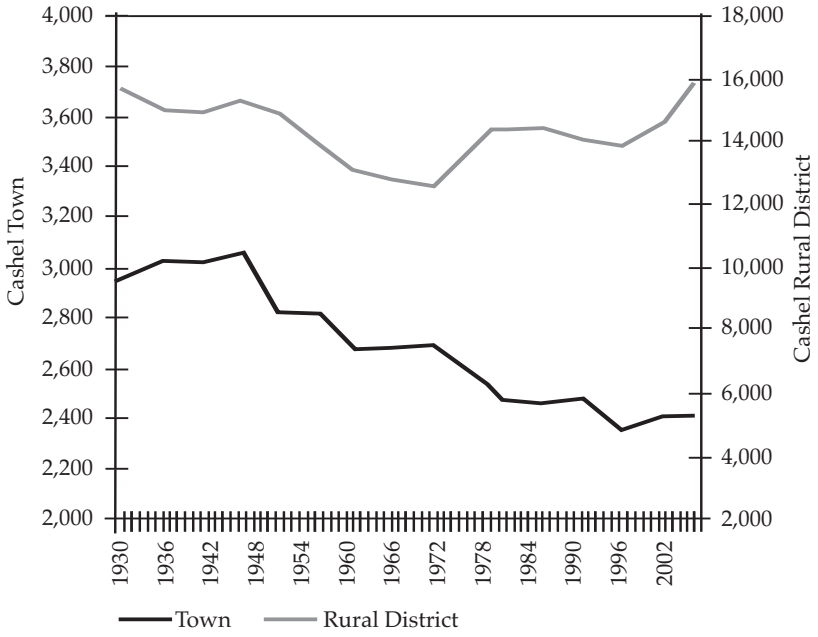
While the story of population change in the Cashel rural district has been positive over the last forty years, the story of population in Cashel town has been generally more negative. Figure 5.4 shows that the town's population hovered around 3,000 residents during the 1930s and 1940. Since then the town has generally lost population. Between 1948 and 1996 the town of Cashel lost more than 700 residents, a 23% decline. Since 1996 the increases in the town population have been very modest relative to other rural Irish

communities, with an increase of only fifty-seven people between 1996 and 2002, and an increase of only four people between 2002 and 2006; only a 2.6% increase in population during the 'Celtic Tiger' years.

5.5.3 Competing explanations

Has Cashel's business structure clung to its traditional agricultural market role over time, or has it responded to the growth in the 'holiday habit?' More specifically, is the increase in the number of international visitors to Ireland and the concomitant increase in the number of tourists visiting the Rock of Cashel since the 1960s related to changes in Cashel's business structure? Or has change in Cashel's business structure related more to changes in agricultural output?

Figure 5.4: Changes in population in Cashel town and the Cashel rural district, 1930–2006



Visually, the town's business structure does not appear to have responded to tourism growth. The number of businesses in Cashel increased by nearly 20% from 1962 to 1974 at a time when growth in tourists to Ireland and tourists visiting the Rock of Cashel was flat. Of course tourism-related businesses and transportation businesses increased by 40% during this time, as a handful of local business people anticipated growing interest in developing the Rock as a tourist attraction. Nevertheless, tourist visits to Ireland and the Rock were flat from 1970 up to 1976, in part because of the global energy crisis. When tourism visits did begin to grow more steadily in the late 1970s and early 1980s, Cashel's businesses remained constant. And when tourist visits to Ireland and to the Rock began to grow more rapidly in the late 1980s, the number of businesses in Cashel, including its tourism-related businesses, dropped precipitously. Conversely, just after the number of businesses rebounded in the late 1990s, the number of annual visitors to the Rock of Cashel levelled off at around 250,000 per year beginning in 1999. In sum it appears that the business structure in Cashel has not responded to growth in tourism activity at the Rock.

Visually, increases in Ireland's agricultural price index, a measure of total output in the Republic's agricultural sector, appears to be more closely related to changes in Cashel's business structure (Figure 4.1). There was a decline in agricultural output in the early 1930s that mirrored a decline in total Cashel businesses at the same time. The modest increases in agriculture from the mid-1930s to 1960s reflect a similar pattern of modest increases in Cashel businesses. More significant growth in Cashel's retail sector began in the 1960s, while Ireland's agricultural sector began its significant period of growth in the 1970s following Ireland's entry into the EU. Finally, Ireland's agricultural output peaked in the 1980s with a couple of periods of decline at the same time that Cashel's business sector declined. So it appears that Cashel's business structure is more closely related to trends in agriculture than trends in tourism.

The statistical analysis of these relationships essentially confirms this story. Table 5.2 shows results from cross-correlation analysis and from auto-regression analysis. Results from the cross-correlation analysis, which measures systematic patterns of similarity between trends, show that changes in tourism activity was not significantly related to changes in the business structure of Cashel. Results from the autoregression analysis, which implies a

causal relationship between variables, show two significant coefficients. The results show a positive significant relationship between total Irish visitors and the number of tourism businesses in Cashel. However, the substantive meaning of this coefficient is somewhat suspect. It indicates that it takes an increase of one million visitors to Ireland to produce one additional tourism-related business in Cashel. Conversely, the results show a negative significant relationship between increases in visitors to the Rock of Cashel and the total number of businesses. This coefficient suggests that an annual increase of 10,000 visitors to the Rock of Cashel is associated with the loss of one business in Cashel. So the link between Cashel's business sector development and tourism is weak at best, and more likely non-existent.

The evidence from the statistical analysis shows that the relationship between Cashel's business structure and agriculture is more significant. Increases in Ireland's agricultural output were significantly correlated with increases in the number of businesses in Cashel at a three-year lag. As agricultural output increased, business start-ups were likely to increase three years later. Similarly the autoregression results showed that increases in agricultural output were significantly related to increases in the total number of businesses in Cashel and the number of tourism businesses in Cashel. In short, as agriculture thrived in Ireland, so did the business structure of Cashel.

Table 5.2: The relationship between changes in tourism activity, the agricultural price index, and changes in the business structure of Cashel

	Autoregression		Cross Correlation	
	Total Businesses	Tourism Businesses	Total Businesses	Tourism Businesses
Ireland Visitors	ns	.001 (p=.00)	ns	ns
Rock of Cashel Visitors	-.0001 (p=.00)	ns	ns	ns
Agricultural Price Index	.01 (p=.00)	.005 (p=.00)	.28 (3-year) (p<.05)	ns

5.5.4 Implications of change

The analysis offers evidence for what one can visually see in the trend lines: Cashel's business structure has responded to changes in agricultural productivity. Given the population growth that took advantage of new EU CAP resources in the 1970s, Cashel appears to have clung to its agricultural market town well into the 1980s. There is very little evidence, as a result, to suggest that Cashel's business structure has responded in a very meaningful way to the growth of tourists visiting the area. In short, Cashel is not effectively exploiting its own contemporary competitive advantage in tourism. It may be meeting the needs of its healthcare sector, and perhaps is adapting to the emerging industrial sector. But it has not yet developed an identity as a tourism town.

In conversations with Cashel residents who work in tourism businesses, they have identified several challenges for tourism development in the town. First is a relatively small bed base for overnight accommodation. There is talk of a major new hotel development in the town but, at the time of writing, plans have not yet been finalised. Consequently, tourist visits to the Rock of Cashel are for the most part day visits, where people arrive in town, visit the Rock for an hour or two and then travel on to other destinations. The Rock of Cashel is also popular with the bus tours, which typically spend little time in the town because of the narrow streets and parking difficulties. Similarly the town has found it difficult to lure visitors to the Rock down into the town centre. A 1995 town plan identified this problem as a key issue in its planning efforts. But, even in 2001, one person I spoke to estimated that perhaps only one in ten visitors to the Rock ever went beyond Ladyswell Street into the town centre. Information about tourism activities and amenities is hard to come by in Cashel. A new town website (www.cashel.ie) was launched in 2005, which is of course a help. But six months after it came online, the link to the Bru Boru National Heritage Centre at the foot of the Rock of Cashel did not work.

It is these difficulties that are symptomatic of a larger problem that one person pointed out to me: a general lack of co-operation and collaboration among people working in tourism on community tourism planning and on promoting a unified tourist product. The Rock appears to have overwhelmed the town, and community members have failed to integrate Cashel's amenities, history and town appeal into the larger tourist package. Results from this study

suggest that the town could be starting to turn the corner on tourism development, but the next few years will likely be a critical moment in the town's adaptation to change.

6

Entrepreneurial initiative in an agricultural market town: Millstreet, Co Cork

In 1993 the town of Millstreet in West Co Cork hosted the Eurovision Song Contest. It was unprecedented for a small rural town of 1,500 people in the west of Ireland to host such a prestigious and high-profile event. This event is typically held in the capitals and 'world class' cities of Europe. The event could logically have been held in Dublin that year, so it was nothing short of stunning when Millstreet was selected. In a document prepared for this event entitled *Us … A Profile of Millstreet Town*, the editor stated:

> The advent of the Eurovision Song Contest would be the Event of the Year in most European cities: for us, a community of 1,500 people, it is the Event of the Century! We are delighted and honoured to be chosen by RTE to host such a prestigious event and believe we are representing not just ourselves but thousands of small communities throughout Europe which rarely get an opportunity to bask even in fleeting limelight.
>
> (Brennan, 1993)

And the limelight from this event was not fleeting. The Song Contest was held at the Green Glens Arena, which during the 1980s had emerged as one of the premier show-jumping arenas in Europe, annually hosting the European Junior Show Jumping Championships along with a number of other regional and Irish events. During the 1980s Millstreet also experienced success at recruiting two 'high-tech' electronics industries to the town. The town is also home to the Millstreet Country Park, a 200-hectare environmental education centre; one of the first of its kind in Ireland. Together these town initiatives over the last twenty-five to thirty years have 'given Millstreet a prominence out of all proportion to its size'. Millstreet is, in short, a story of entrepreneurial success.

6.1 Rural development and community capital

This prominence was not accidental, nor does it appear to be simply the outcome of central government clientelism. Rather, the story of Millstreet is one of local initiative – i.e. a strong entrepreneurial culture coupled with local co-operation and collaboration. The same 1993 document that profiles Millstreet states that:

> Millstreet Town can claim to be one of the first areas in the country to realise the inevitability of stagnation and decline of small rural communities unless some concrete efforts are made to influence their destinies. Pious platitudes from on high lauding the values of rural Ireland and paper schemes emerging from Central Government are unlikely to have any impact unless the communities are organised and capable of implementing initiatives.

To achieve these goals the Millstreet Community Council was created in 1976 and has been in operation ever since. Its success is one example of strong community capital in a town. Community capital is a concept that characterises the resources that residents marshal to help improve the life of a community; for example their creativity, initiative, volunteerism, caring/emotional support, connections, and commitment to community improvement. From this perspective, community capital is every bit as important as economic capital for creating and/or sustaining viable and liveable communities. Putnam (1993), in his widely-cited study of social capital differences in Italian communities, argues that a vibrant civic life is the precondition for successful economic activity. He states that:

> The communities did not become civic simply because they were rich. The historical record strongly suggests precisely the opposite: they have become rich because they were civic. The social capital embodied in norms and networks of civic engagement seems to be a precondition for economic development, as well as for effective government.

The concept of community capital embodies a variety of ways people have defined the social context of community development. This includes concepts such as local initiative and involvement

(Christenson, Fendley and Robinson, 1988; Ravitz, 1982), local decision-making (Huie, 1975; Long, 1975), education and empowerment (Darby and Morris, 1975), problem-solving (Cawley, 1984), social networks (Stokowski, 1994), unconstrained individual choice and community self-determination (Department of Agriculture and Food, 1999), and the ability to mobilise diverse resources (Flora, 1998).

The Flora's (Flora, Flora and Hey, 2003; Emery and Flora, 2006) community capital framework quantifies seven dimensions of the construct. *Natural* capital refers to the landscape features of a community: its weather, soil fertility, natural resources, scenic amenities, etc. *Cultural* capital reflects the strength of tradition and collective identity of a locale, and the ability of people to assert the relevance of local customs and knowledge in a globalising world. *Human* capital refers to the knowledge, specialised skills and leadership abilities of local individuals working for the collective good of the community. *Social* capital is a measure of the quantity and quality of a town's social networks: the density of social ties within the community (bonding social capital) and the links to resources beyond the community (bridging social capital). *Political* capital reflects the connections that local constituencies have with representatives and organisations that have decision-making power and resources to allocate. *Financial* capital refers to the more traditional type of monetary resources used for business investment and wealth accumulation. Finally, *built* capital is the quality of the town infrastructure that supports the life of a community. Emery and Flora (2006) argue that a process of 'spiralling up' occurs in a community when infusions of one type of capital asset increases the likelihood that other capital assets will increase. By contrast a 'spiralling down' process can occur when the loss of one type of capital asset systemically leads to a decline in other types of community capital.

> In the spiral-down period … communit[ies] declined in all capitals, resulting in a loss of hope and direction. Both human capital and financial capital decreased, as fewer people were able to make a living on increasingly large farms. Young people left the county, decreasing social capital and creating a culture of despair and resignation. Political capital was reduced to reliance on commodity programmes and lobbying through farm

> organisations for increased price supports. The infrastructure deteriorated. (Emery and Flora, 2006: 22)

The community capital framework recognises that the process of spiralling up or down is not a simple mechanistic process. The addition or subtraction of one type of capital does not automatically start an inevitable process of community change. Rather, the process is mediated by variation in a community's ability to adapt. Flora (1998) elaborates this variation in a collective action framework called 'entrepreneurial social infrastructure' (ESI). He argues that there are three components of effective ESI in a community. First is the *legitimacy of alternatives*, which characterises the ability of community members with different opinions to engage in discussion and collaboration. Where the legitimacy of alternatives is high, community debate and conflict are accepted, argumentation is never personalised, and individuals see controversy as a useful tool in the process of compromise and problem solving. Second is the *mobilisation of resources*, where community members are willing and able to make investment in community projects, and where communities are well connected to public sources of investment. Third is the *quality of a community's social networks*. High quality networks are those that are widely inclusive of community members, easily cross social classes, connect internal networks with the resources from external networks, and have flexible boundaries for newcomers and outsiders. For Flora, these are the dynamics of social life that make communities work. And some aspects of these dynamics of community interaction and adaptation were at work in Millstreet's recent past.

6.2 Electronics industry in Ireland

How specifically have Millstreet's efforts at local initiative changed the community? One of the town's primary achievements at community development was its industrial recruitment strategy, where it successfully attracted two industries in Ireland's emerging electronics/information technology cluster: Molex and Alps Electric.

The story of industrial development in the electronics/IT cluster is a fairly short one in Ireland, scarcely twenty-five years old. This industrial sector was one of the pillars of the 'Celtic Tiger' economic boom in the 1990s. As a development strategy, this 'high-tech'

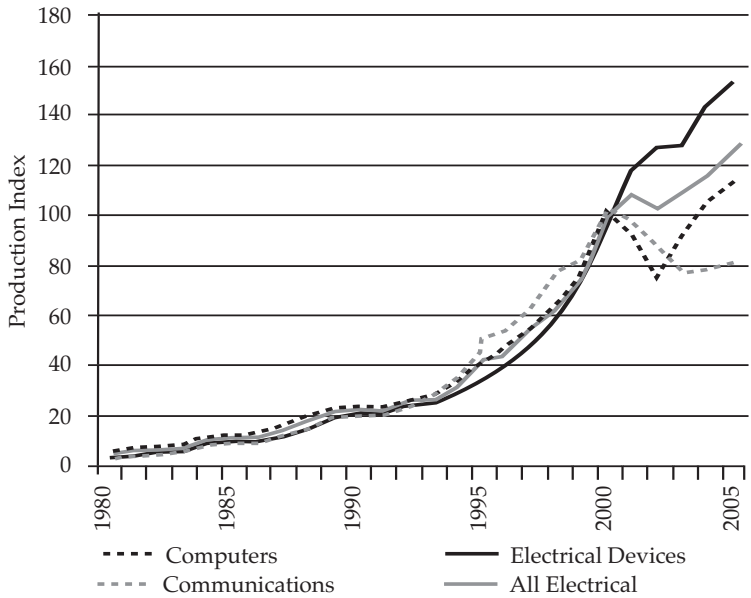
industrial recruitment offered a prototype of contemporary 'post-industrial' and globalised economic activity. Most electronic devices and products are manufactured with relatively small raw material inputs, and conversely quite high knowledge inputs. That is, the value of electrical products typically depends far less on commodity prices for copper, aluminum, or various types of plastics. Instead, the bulk of its value lies in innovative research and development and/or marketing services. The site of value-added manufacturing has, as a result, become decoupled from proximity to raw materials.

In this more fluid globalising economy, Ireland has based its recent economic success on direct foreign investment from transnational corporations, and a highly-favourable tax rate on profits from exported goods. Many of the major global IT companies such as IBM, Dell, Intel, Microsoft, Hewlett Packard, and Ericsson have invested heavily in Ireland. They have primarily used Ireland to build product assembly plants (O'Hearn, 1999). With a 10% tax (increased to 12.5% in 2002) on profits, companies could assemble products with relatively low raw material costs into high-value finished products. Even though the R&D and marketing inputs to the product typically had occurred somewhere other than Ireland, corporations could consolidate these inputs into Irish-based assembly. They could then take advantage of an extremely low tax rate on profits (Ireland's closest competitor was Spain with and 18% tax rate) and use the country as a springboard for companies entering EU markets.

Figure 6.1 shows the track record for Ireland's electronics sector since 1980. This Figure charts the production output index for NACE industrial classifications in this sector. The dotted lines report growth in production output for NACE 30 (manufacture of office machinery and computers) and NACE 31 (manufacture of electrical machinery and apparatuses). The darker solid line shows growth in the NACE 32 category (radio, television and communication equipment and apparatuses), while the lighter solid line shows a composite of NACE categories 30 to 33. These trends show that between 1980 and 1993 the electronics manufacturing sector in Ireland grew between 1% and 3% per year, or an average of 1.6% per year. The boom years for Irish electronics manufacture mirror the boom years of the 'Celtic Tiger'. Between 1993 and 2001 electronics manufacturing grew by an average of 9.7% per year, with more than 25% growth in 1999. There was a brief downturn in 2002 following the global economic recession and the events of 9/11.

Since 2002 however the sector overall has generally regained its pre-2001 momentum. Figure 6.1 shows that the computer sector took a rather precipitous dip beginning in 2000, with almost a 25% decline between 2000 and 2002. Since 2002 however this sector too has shown a recovery. The radio, television and communications sector by contrast has not been as fortunate. This sector declined by almost 25% between 2000 and 2002, and has not really yet recovered. On the other hand, electrical machinery and apparatuses were not seriously affected by the 2001–2002 downturn and have sustained double-digit rates of growth in three of the five years since 2000. So, in spite of economic difficulties at the beginning of the century, the electronics/IT cluster remains one of the pillars of Irish industrial development.

Figure 6.1: Production output trends in Ireland's electronics industry, 1980–2005 (NACE 30–33)



6.3 Electronics industry in Millstreet

The story of electronics in Millstreet is first and foremost a story of community initiative. One resident of the town traces the beginning

of its community organisation efforts to the creation of the Millstreet Community School in 1973. For years the town had been a successful agricultural market town. But, for the most part, merchants made their money and then sat on it, undertaking very few development initiatives. In the early 1970s the central government approached the town with the promise of EU money to develop an independent community secondary school, as opposed to a Catholic school or national school. It was a pioneering effort to locate educational authority in local hands, and to serve the community as an agency for community development. When the school was built, it brought new teachers, new ideas, and the first input of new people into the community for many years. It also became the focal point for civic engagement and the formation of the Community Council in 1976, an elected body with representatives from defined districts within the Millstreet area.

The Community Council's chief goal was to discover ways to offset the economic and social stagnation that was facing many rural communities. And it was this Council, spearheaded by the energy of one of the town's prominent entrepreneurs, Noel C. Duggan, that was responsible for the town's industrial recruitment success. One of the Council's first efforts at industrial recruitment was to petition the IDA in 1978 to build a manufacturing facility in Millstreet as part of its Advance Factory Programme that could then be leased or sold on favourable terms to new industry. When this petition was rejected, the Council, which organised itself into sub-committees charged with a variety of tasks such as housing and tidy towns, created the industrial committee in 1980 to develop town-promotion strategies that would lure new manufacturing facilities. With the assistance of IDA introductions, industrial executives would be treated to a tour of the town with a carefully planned itinerary, designated hosts, and scheduled meetings with specific community groups and individuals. One member of the committee described these visits as almost scripted, with specifications for who to meet, who not to meet, what not to see, and what to say. While these efforts may have overtones of used-car salesmanship, the real achievement was the exceptional level of community-based co-ordination and activism, all in a broader national context where community governance has very little influence (Peillon et al, 2006).

The industrial committee experienced early success when executives for the Apple Computer keypad division, having spent a

day and a half on an IDA tour of the Killarney area, found themselves with a free afternoon. The executives were taken to Millstreet as an afterthought, given the prescribed tour, and subsequently made the decision to locate their plant in the town's new industrial park. They opened in 1982, initially employing more than a hundred people. Molex, a manufacturer of electronic switching devices, followed soon after in 1983, initially employing as many as 300 people. The Apple plant did not last long, closing in 1984. But it was purchased by Alps Electric and re-opened three years later employing 160 people and investing in a significant expansion in 1989.

The industrial committee's success at bringing electronics industries to town was strategic and effective. It specifically targeted the electronics sector because that sector would provide the sort of high-quality employment offered by high-tech industries. Once it had secured these firms it initiated what today is considered a classic cluster-development strategy. It created Millstreet Community Enterprises, designed to provide subcontracting work for simpler components required in product assembly at the local plants, components which were not as cost effective for the local plants to produce. At its peak in the 1990s, Millstreet Community Enterprises employed fifty to sixty people. Even though it fell victim to the electronics downturn in the late 1990s and early 2000s, residents agree that its effect on the community during its existence was significant.

Millstreet was therefore an early participant in Ireland's electronic/IT cluster and also a participant in the 'Celtic Tiger' growth of this sector. Both Millstreet companies experienced downturns at the apex of the boom. Alps Electric lost 120 jobs in 1998 and Molex closed its facility in Killarney and consolidated its operations in Millstreet at a loss of 300 jobs. Despite this, both companies' facilities in Millstreet today employ in the neighbourhood of 400 to 500 people each. Alps now manufactures electronic parts for the motor industry – electronic heating and air conditioning controllers, door modules, light-switch systems, and 'other driver visible parts'. And at the end of 2005 Alps Electric announced a new €14 million expansion at its Millstreet location. Molex produces electrical and fibre-optic interconnection products and systems and switching products.

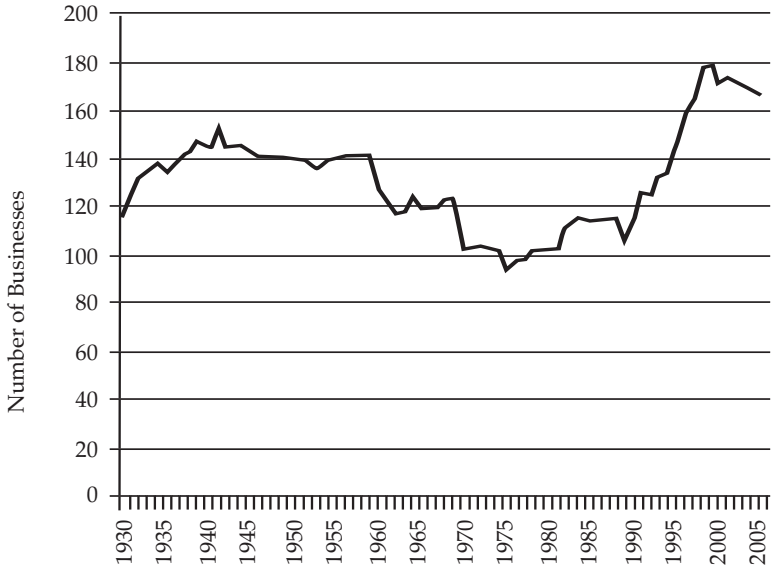
6.4 Change in Millstreet

Figure 6.2 documents the trends in Millstreet's business structure between 1930 and 2005. This Figure supports the heterogeneity hypothesis. The trends observed in Millstreet follow a very different path from the trends observed in the other towns in this study. In contrast to the other study towns the number of Millstreet businesses increased during the 1930s and during the 1990s and decreased during the 1960s and 1970s. The only similarity with other towns was the lack of change during the late 1940s and 1950s.

Figure 6.2 shows that the number of businesses in Millstreet increased from 117 in 1930 to 152 in 1941 – a 30% increase. These numbers are at odds with the 1993 Millstreet town profile (Brennan, 1993) which states that '[t]he dawn of freedom was not followed by an era of prosperity and Millstreet slipped gradually backwards during the 1930s' (1993: 6). One could attribute this discrepancy to the methodologies used by the Thom's directories – e.g. changes in the way local businesses were counted. Nevertheless, for each of the other three towns in the study, the Thom's directories showed declines during this decade. More likely Millstreet saw a surge in small, not very profitable business activity during hard economic times. This could be interpreted as a survival strategy as the west of Ireland struggled to cope with dramatic changes in agricultural policy. It might also be interpreted as the seeds of early entrepreneurial activity in the town.

Following 1941 Millstreet settled into a long period of stagnation, like much of the rest of Ireland. Between 1941 and 1959 there were very minor changes in the town's business structure, with the number of businesses fluctuating between 146 and 139. Ireland's economic reforms of the 1960s and 1970s had no positive effect on Millstreet either. During the 1960s the number of businesses declined by 12% and during the 1970s they declined again by almost 19%. As the Irish economy was opening up to the world again in the 1960s, and as EU subsidies were pouring into the countryside during the 1970s, Millstreet was in crisis, apparently unable to initially take advantage of the 'rising tide' of a modernising Irish economy.

Figure 6.2: Total annual numbers of businesses in Millstreet, 1930–2005



Source: *Thom's Commercial Directory* and *MacDonald's Irish Directory and Gazetteer*

It was the mid-1970s when the community council seized the initiative for the town's development and began its industrial recruitment efforts. When Apple Computers opened its keypad facility in 1982 there was an immediate impact, with a 10% increase in the number of town businesses between 1981 and 1983. The boom however didn't really begin until the 1990s – i.e. the onset of the 'Celtic Tiger'. During this decade the number of businesses in Millstreet increased from a low in 1989 of 107 to a peak of 178 in 1999 – a 66% increase. Since that time the town has lost about ten of those businesses, probably due to the downturn in the electronics sector in the early 2000s. Nonetheless the recruitment of electronics industries to the town has visually had a clear effect on the town's overall business structure.

6.4.1 Change in the business sectors

Table 6.1 shows how different business sectors in Millstreet changed between 1930 and 2005. Business growth during the 1930s was shared by all sectors in Millstreet. The biggest contribution of businesses to Millstreet's growth in the 1930s came from clothing and household goods outlets, when that sector added fourteen new businesses to the town between 1930 and 1941. However, this sector was not stable through the 1930s and 1940s, and had returned to 1930 levels by the beginning of 1950. Food and beverage businesses added eight businesses to the total in the 1930s, but that increase was limited to the first few years of the 1930s only. The transportation sector also experienced strong growth during this decade increasing by seven businesses. And finally professional services also began a two decade period of growth, increasing from thirteen businesses in 1930 to twenty-one in 1948.

Table 6.1: Percentage change in the number of Millstreet businesses by business type, 1930–2005

	Type of Business						
	Total Businesses (n=178)*	Farming Services (n=17)	Food/ Beverage (n=80)	Clothing/ Household Goods (n=55)	Trans-portation (n=27)	Professional Services (n=24)	Building (n=29)
1930-1941	29.9	66.6	11.3	34.1	100.0	38.5	300.0
1942-1959	-2.7	20.0	-1.3	-12.2	7.1	-18.8	16.6
1960-1980	-26.9	183.3	-46.2	-37.7	-46.6	-100.0	28.6
1981-1988	11.7	-11.7	14.3	3.6	12.5	62.5	33.3
1989-1999	66.3	60.0	25.0	39.3	100.0	69.2	75.0
2000-2005	-2.9	-12.5	-7.7	-4.8	-4.0	-12.5	-6.9

* The maximum number of businesses across all years

Table 6.1 also shows that no sector changed very much during the 1940s to the 1950s. The only exception was an increase in the number of professional services in the 1940s. This increase however was offset by a precipitous drop in the late 1950s. Otherwise the

other sectors in Millstreet changed very little during these two decades.

During the 1960s and 1970s the largest decreases in the number of businesses came in two main categories of the retail sector – food and beverages, and clothing and household goods. Between these two retail categories, Millstreet lost fifty-one businesses between 1959 and 1980. Buckley Stores, which was a large general merchant serving the town and surrounding agricultural community, also closed in the early 1980s as a continuation of this trend. There were two exceptions to Millstreet's business crisis during the 1960s and 1970s. Building and contracting businesses increased modestly by adding five new businesses over the twenty years. Additionally, farm service businesses more than doubled during these decades of agricultural modernisation from six businesses in 1960 to seventeen by the end of the 1970s. This finding suggests that Millstreet did indeed benefit from changes in Irish agriculture during these decades. However, traditional rural grocers and other small merchants apparently could not be supported by these emerging market town changes.

In the 1980s, when the two electronics firms were first built in Millstreet, growth in the number of businesses in the town was modest. However, the two winning sectors during the decade were professional services, adding five new establishments, and transportation services, adding seven new businesses. During the 1990s almost every sector in the town benefited from growth in the electronics sector. The one exception was in the food and beverages area, which only added four new businesses to the town. Finally, during the first five years of the twenty-first century, all business sectors have modestly declined equally in Millstreet.

Together these results show a former agricultural market town that has effectively re-invented itself. Following the post World War II economic doldrums, Millstreet found its traditional market town services in serious decline during the 1960s and 1970s. Since its successful efforts at industrial recruitment in the 1980s, the town has developed a strong business sector in professional services – in addition to solicitors and auctioneers, it also has attracted a number of engineers (electrical, mechanical and otherwise), insurance brokers and secretarial services. The town has also developed a thriving transportation industry – e.g. Lucey Transport, a nationwide haulier, is headquartered in Millstreet. Today the town's

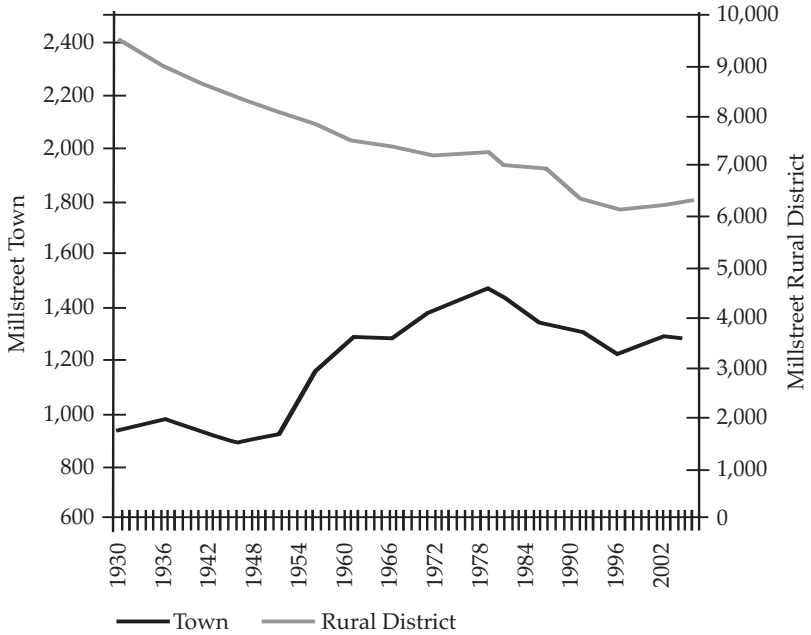
business structure is clearly more complex and diverse than it was thirty-five years ago, as it has effectively integrated itself into Ireland's broader agricultural and industrial economy.

6.4.2 Change in population

The changes in the business structure of the town have not necessarily had direct effects on the population of Millstreet. Figure 6.3 shows changes in population between 1930 and 2002. As expected, the rural district population has steadily declined over the years to 1996. Even the small increase between 1996 and 2002 was fewer than fifty people. The Millstreet town population trend did not follow the same pattern. There was a small increase of thirty-five new residents in the town between 1930 and 1936. Then the population declined by almost ninety people between the 1936 census and the 1946 census. So in spite of business gains in the 1930s, there were few if any population gains during the same period.

There was a very substantial population increase between 1951 and 1956 of over 120 people. This increase came at a time when the town's business structure was not growing. This growth in population continued through the 1960s and 1970s, which was also a time of business declines in the town. Between 1950 and 1980 the town's population increased by a third (over 500 new residents), all at a time of fairly dramatic decline in the number of businesses in Millstreet. Even more peculiar, at the time when the electronics firms came to the town in the early 1980s, Millstreet's population began nearly a twenty-year decline from a high of 1,464 in the 1979 census to 1,226 in the 1996 census. So while industrial recruitment appears to have had a positive effect on the business structure of the town, it does not appear to have contributed to a growing population. Finally, the town's population increased modestly between the 1996 census and the 2002 census. And it is likely to increase considerably more at the next census with the addition of a number of asylum-seeker families from Kosovo and other places, now being housed at the old Drishane convent.

Figure 6.3: Changes in population in Millstreet town and the Millstreet rural district, 1930–2006



6.4.3 Time-series analysis

Results from the time-series analysis confirm what is visually evident in Millstreet's trend data (Table 6.2). The town has successfully transitioned from a market town dependent on agriculture to a town that has shared in the benefits of the 'Celtic Tiger' through its industrial recruitment efforts. Millstreet still supports a variety of market town businesses and functions – for example a twice-yearly horse fair, cattle dealers, a wool broker, a feed grain mill, and the Millstreet Country Market. Yet Table 6.2 shows that trends in Irish agricultural output were not significantly related to trends in Millstreet businesses.

Instead, trends in the town's business structure clearly mirror trends in Irish industrial development. There were significant positive relationships between Millstreet's business structure and 1) the Irish manufacturing volume index, 2) Irish electronics output, 3) computer output, and 4) electrical apparatus output. Furthermore,

there was a significant positive relationship between increases in the Irish manufacturing volume index and increases in the number of Millstreet businesses at both the one-year and two-year lags.[5] In other words, increases in Irish manufacturing were associated with growth in Millstreet businesses one to two years later.

Table 6.2: The relationship between change in total businesses in Millstreet and Irish industrial and agricultural output

Total Businesses		
Industrial output – Ireland	Auto-regression	Cross Correlation
Manufacturing Volume Index	.009 (p<.00)	.33 (1-year lag) .29 (2-year lag)
Electrical (NACE 30-33)	.61 (p<.00)	ns
Computers (NACE 30)	.70 (p<.00)	ns
Electrical Apparatuses (NACE 31)	.48 (p<.00)	ns
Agricultural Output – Ireland		
Agricultural Price Index	ns	ns

One cannot of course draw conclusions about causality from these results. One can only make observations about parallel trends. Two electronics firms opened in Millstreet during the 1980s. The output from electronics firms in Ireland grew rapidly during the 1980s and 1990s, as did all manufacturing sectors. And the number of businesses in Millstreet also grew rapidly during the 1980s and 1990s. There is, therefore, evidence to suggest that the industrial recruitment of electronics firms to Millstreet was both timely and successful as a community development strategy.

6.4.4 Implications of change

Success at industrial recruitment, however, does not tell the full story of Millstreet's success. Combined with this success has been a strong culture of entrepreneurialism. Three names stand out. First is Buckley Stores. Featured in a prominent location in the town square,

[5] Cross-correlation results for the three NACE categories are unreliable because of small sample sizes (n=26).

this establishment for years operated (until the late 1980s) with the same scope and reputation as Monica Duff's in Ballaghaderreen. It was one of the early full-service general merchants that provided a model for success in Irish retailing in rural market towns during the first half of the twentieth century.

The second name, which cannot be separated from the Millstreet story, is Noel C. Duggan. The most visible part of Duggan's enterprises is in the construction sector, where his stores provide structural engineering services, steel fabrication, and a general hardware and building supply facility. With his success in the construction industry, he was able to purchase several pieces of land in the town that are key components of development activity in the town. First, his land at the foot of Clara Mountain is the site of the Clara Mountain Industrial Estate, which is the location of Alps Electric, Molex, and K&L delivery service. Second, he purchased lands in the former McCarthy-O'Leary estate on the west end of the town to build the Green Glens Arena which, in addition to hosting the Eurovision Song Contest and show jumping events, has over the years hosted a variety of concerts, sporting events, conferences and exhibitions. Third, he purchased the Drishane Convent lands on the eastern end of the Coomlogane estate in 1992 and has used the old convent to house asylum seekers from Kosovo, Nigeria and other locations since the early 2000s. So, many of the activities, events and businesses that make Millstreet unique are the direct result of Duggan's initiatives.

The third name associated with Millstreet's development is Jerry Sheehan, founder of Avonmore Electric and the Millstreet Country Park. Avonmore was started in the late 1950s as an electrical contracting service and electrical supply outlet. By the time it relocated from Millstreet to Kanturk in the late 1980s it was employing more than fifty people and specialising, with the help of EU LEADER I and LEADER II funds, in the reconditioning of electric railway engines for Iarnród Éireann. Sheehan is also the founder of IRD Duhallow, a successful locally-based agency that manages a variety of national and European rural development programmes and funds. Finally, Sheehan purchased about 200 hectares at the foot of Musheramore Mountain to create the Millstreet Country Park, designed to provide a 'microcosm' of Ireland's social, cultural and natural landscape (*LEADER Magazine*, Winter 2000–2001).

It is individuals such as these who have led Millstreet's efforts to

adapt to social and economic changes. Their energy and sense of purpose provided the motivational impetus for co-ordinated community action. As entrepreneurs they had a clear stake in the outcome. Yet they were able to mobilise a highly-effective community effort. The town 'set the bar high' and achieved remarkable success in attaining its goals. In the process Millstreet has developed a strong sense of community identity and pride in its town accomplishments.

The lesson from Millstreet is that industrial recruitment by itself may not be a sufficient economic development strategy. Even high-tech industrial recruitment does not appear to be enough. In Millstreet's experience the arrival of Apple/Alps and Molex was not enough to stem the town's population decline during the 1980s and early 1990s. Similarly, if both Alps and Molex employ roughly 1,000 people between them, the majority of these employees are not Millstreet residents. So the bulk of wages paid by these companies are not necessarily being spent in Millstreet town. This should come as no surprise. The demographic realities of rural Ireland make long-distance commuting to industrial jobs common. But because of this, rural communities cannot expect large economic multipliers to ripple through local economies from industrial wages.

The additional ingredient in Millstreet's economic development experience appears to be strong social capital. There has been a strong entrepreneurial culture coupled with unique ideas and good timing. Millstreet's experience provides evidence of all three of Flora's (1998) components of 'entrepreneurial social infrastructure'. The Community Council has been active for nearly thirty years and provides a safe and non-threatening context for community debate. Because this institution allows a place for community members to air and discuss differences (legitimacy of alternatives), any town disagreements, jealousies or animosities were well hidden during my field work, and perhaps were well diffused by a culture of community collaboration. The level of community co-ordination may be fairly unique in Ireland, where policy decisions and development resources are housed in a hierarchical system directed by central government. The town has also clearly been effective at mobilising resources, having made frequent use of local LEADER funds, grants and support from the IDA and central government, and EU money for its variety of development projects. Volunteerism in Millstreet also appears high, as individuals are always willing to

volunteer time for a wide variety of community projects and events. Finally, given Milltown's success at bringing the Eurovision Song Contest to the town, the quality of its social networks also appears quite solid. In sum, Millstreet's experience suggests that sustainable rural development may need to go beyond policies of job creation to incorporate mechanisms that encourage and facilitate effective networking, local entrepreneurialism, volunteerism and community collaboration.

7

Sustainability or adaptability? Implications for rural development policy

At 1 College Green in Dublin, which houses the Policy Institute and several other Trinity College social science departments, there is a curious policy statement in the washrooms subtly placed on the air dryers next to the sinks. The custodial staff no longer offer paper towels to dry one's hands, and the air dryers proclaim that they are 'conserving energy for industry'. This is a classic example of what Ventriss (2002) calls the 'politics of policy containment'. The statement on the air dryers contains clear policy priorities and choices. It suggests that the energy costs of blowing warm air on patron's wet hands is less than the energy costs of converting wood pulp to paper towels. So the statement values efficient use of a limited resource – energy. And the air dryer company apparently does not advocate developing Ireland's pulpwood industry. More to the point, the statement also implies individual sacrifice. It assumes that there is a finite supply of energy available in Ireland and that individuals must draw from this supply sparingly so that industry will have sufficient capacity to grow and develop. The air dryer company could have expressed different priorities: 'conserving energy for education', 'conserving energy for agriculture', 'conserving energy for Irish entrepreneurs', 'conserving energy for Starbucks™' (located on the ground floor of the building), or perhaps 'more power plants, fewer trees'. Yet it chose to prioritise industry, and all of the political ramifications contained in that policy choice. Of course prioritising industry as a development policy is not an unreasonable choice to make. This study shows however that a nationally-led industrial development policy comes with its own particular set of benefits *and* costs for rural areas in Ireland. Policies of industrial recruitment and job creation alone do not guarantee vibrant sustainable communities.

The goal of the Department of Agriculture, Food and Rural Development is to help create 'vibrant sustainable communities …

[where] individuals and families will have a real choice as to whether to stay in, leave or move to, rural Ireland'. From this goal statement, two questions follow. First, are the four towns in this study 'vibrant sustainable communities?' This criterion of rural development is difficult to judge. But the results indicate that industrial recruitment is not the only road to 'vibrancy' or 'sustainability'. Each of the four communities has survived into the twenty-first century drawing on its own unique set of resources, skills and choices. Second, do residents in these four communities have a 'real choice?' In the last ten years, have people chosen to stay in, or move to these four rural communities primarily because newly created employment opportunities were provided for them? Or have people chosen to stay in, or move to these communities because they had kinship roots, land and housing ties, professional interests, or in other words, place attachment? And would they sacrifice better employment opportunities elsewhere to actively participate in the life of *their* community, and to make it a better, more liveable-in place? Can the choices they make about their community have a real effect on the life and the structure of that community?

Considered together, the results from this study suggest that the Department of Agriculture, Food and Rural Development may be asking the wrong question. Recent economic development across the Irish landscape has been based on the primacy of industrial development, where new industry helps to diversify local economies and generate equity-based wealth. Ireland's job growth (and subsequent population growth) in the last fifteen years is undeniable, and its new-found wealth is apparent across the countryside. Nevertheless the results from this longitudinal study show that the effects of industrial recruitment on rural communities can be fleeting and impermanent. While the primary goal may be job creation and employment security for rural residents, the results show that this strategy guarantees neither sustainability nor vibrancy. Taking the longer, historical look suggests that sustainability is never really an option. People, businesses, ideas, styles, quarrels, disasters and celebrations all come and go in the life of any community. In this context, it is the choices that people make in the present that direct the course of the future. Therefore the better rural development question may be how to encourage choices made by rural people that can create 'vibrant adaptive communities'.

This chapter explores this proposition by interpreting the study results in the context of the four original research questions:

1) are some business sectors better than others as rural development strategies?
2) is tourism, as a service-sector activity, a viable and effective way to diversify rural economies?
3) to what extent has the state helped and/or hindered rural development?
4) what role can an entrepreneurial climate play in Irish rural development schemes?

The discussion that follows will also explore these questions within the context of heterogeneous community experiences. Are there generalisations that can be drawn from the observed diversity of adaptation strategies? In short, do the rural development experiences of these four communities suggest ways to expand rural development policy beyond a more contained industrial development framework?

7.1 Rural development strategies

Are some industrial sectors better than others for encouraging rural development? Can some industries do a better job than others of creating wealth and well-being through business diversification, job creation, higher wages, or by attracting professional services? Do some economic sectors provide better adaptation strategies than others for community revitalisation? The results are mixed, but point to two conclusions. First, the link between economic growth as expressed in new industry, increased productivity, or increased consumer demand and community development is not direct, and is instead mediated by a variety of local contingencies. Rural development policy based on job creation is a necessary condition for community development, but not a sufficient condition. Second, most of the business structure change observed in these four communities was modest, and more typically corresponded to national economic trends. Rural Irish communities appear to be well integrated into the national economy such that the benefits of a plant opening are not exclusive to a single locality. This study's results suggest that the positive effects of industrial recruitment *alone* as a rural development strategy may be overstated.

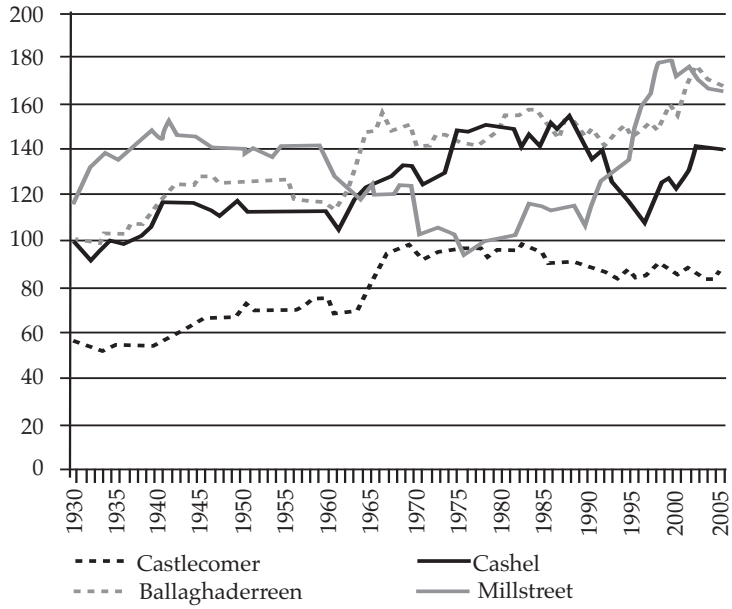
7.1.1 Rural restructuring

Three of the four study towns were historically agricultural market towns, while the fourth town was a coal mining town. Between 1930 and 1960 the fortunes of each town generally followed national economic trends (Figure 7.1). Businesses declined slightly in three of the four towns during the early 1930s when Ireland was locked in a trade war with England from 1932 to 1938. But, as World War II approached, each of the four towns showed increases in the number of businesses particularly as wartime scarcity increased agricultural and coal prices. Between the mid-1940s and the end of the 1950s, businesses in the four towns remained stable, reflecting the general stagnation/recession of the Irish economy. Businesses in Castlecomer increased slightly in the 1950s when coal output increased dramatically. Overall, Irish rural communities during these three decades were an effective barometer of a rather plodding Irish national economy. This trend reflected Irish agriculture's failure to join the post-war 'Atlanticist food order'. As much of allied Europe was rapidly modernising its agricultural sector to reduce its reliance on American imports, Ireland through most of the 1950s remained committed to its policies of domestic self-sufficiency, in part because of American and English resentment towards its World War II policy of neutrality and in part because of national political inertia. This inertia was likely a combination of the nation's mistrust of its legacy of economic dependency on England, and a national identity nurtured by Fianna Fáil around the self-sufficient family farmer and rural agrarian ideals. Because of this, Irish agricultural modernisation and the restructuring pressures it exerted on rural areas lagged behind England and much of Western Europe by almost fifteen years.

The data show that the 1960s were the beginning of the market town transition when new agricultural modernisation policies were introduced as part of the Lemass economic reforms. For two of the towns (Ballaghaderreen and Cashel) the move towards more modernised farming practices was initially a favourable transition, when the number of businesses increased in both towns by 20% to 25% respectively during this decade. It is unclear whether this growth in town businesses was associated with a revitalised agricultural sector, or whether it was the result of a growing off-farm labour pool or a new group of displaced farmers seeking new opportunities in the towns. For Millstreet, on the other hand, the

1960s were an unfavourable time of transition. The modernisation of agriculture was associated with a fifteen-year 30% decline in the number of businesses in Millstreet. It is possible that Millstreet's decline reflects the Lemass so-called 'abandonment of the West', where agricultural modernisation policies disfavoured small farms on marginal land and favoured larger farms on more fertile land. Whatever the reason for the rural restructuring observed in the 1960s, it occurred during a time of national changes in agricultural policy, and during a time of only modest growth in agricultural productivity and in the agricultural price index. None of the towns, on the other hand, saw any significant growth during the boom in agricultural productivity that following accession to the EU and the introduction of CAP money in the 1970s. Business trends were stable throughout the first two decades of CAP investments in Irish agriculture. It was not until the economic boom of the 'Celtic Tiger' that the number of businesses began to increase again. Since the late 1980s and 1990s, trends in these three towns have followed trends in the national economy, with 30% to 70% increases in the number of town businesses.

Figure 7.1: Business trends in the four communities, 1930–2005



Castlecomer, as previously described, faced its own transitional pressures as a coal mining market town. The major company in the town was faced with declining profits and increasing annual losses as the workable seam became more distant from the mine's surface opening. But, similar to Ballaghaderreen and Cashel, the biggest growth in the number of Castlecomer businesses (nearly a 50% increase) occurred before the mine closed. Replacement industries arrived quickly after the mine closed, but the number of businesses in the town had already stabilised and remained relatively constant since the early 1970s.

In sum, the data provide three main conclusions about rural restructuring in Ireland. First, three of the four towns point to initial success of Fianna Fáil's development policy that actively sought to reduce reliance on imports through domestic industrialisation and agricultural self-sufficiency. During this time the image of the small family farmer became the cornerstone of national identity and the rural towns that served the needs of that farmer appear to have initially benefited from this political ideology. A World War II policy of neutrality along with an intensifying process of globalisation at mid-century quickly rendered Ireland's isolationist policies ineffective. Rural areas suffered through a stagnant economy during the 1950s, even as the Western European economy was expanding.

Second, while many rural areas have benefited from the economic boom of the 'Celtic Tiger', they have also experienced numerous transitions in their retail sector. One the one hand, there are fewer drapers, dress makers and tailors as fashion has become more standardised in the globalised clothing industry, and larger regional department stores offer greater variety at lower costs. There are far fewer grocers, butchers, confectioners and newsagents as the food industry produces more pre-packaged and processed consumer-ready foods sold in fewer and larger supermarkets. The traditional Irish pub is on the decline, while those publicans who have survived have often re-oriented their businesses to appeal primarily to tourists, or to the twenty/thirty-year-old disco market. On the other hand, there are now many new types of businesses (video stores, mobile phone outlets, travel agents, natural food retailers, and internet cafés) and new services (accountants, psychologists, health clubs, and opticians) in most towns. Hardware stores have transformed into DIY centres and builders suppliers. And the building sector has boomed in many rural places with an

increase in builders and contractors, engineers, and auctioneers who have seen a boom in housing demand throughout much of rural Ireland. The 'Celtic Tiger' has generated a new standard of wealth that reaches into most rural places throughout Ireland. But that new wealth has also brought a new type of consumerism that is altering the business structure of towns in rural Ireland.

Finally, the results showed that large investments associated with industrial development, CAP allocations, or facility renovation did not necessarily stimulate town growth. Business growth preceded industrial development in Castlecomer and Ballaghaderreen. While new industry sustained both towns with employment opportunities, its presence did not contribute to town growth. In Cashel, the town's business structure for the most part was unresponsive to EU-funded renovations at the Rock of Cashel and the subsequent increase in tourist visits. Millstreet's experience may be the exception, but there is evidence to suggest that residents of the town were more effective at using industrial investment as a springboard to other entrepreneurial activities. In sum, these sorts of large-scale investments, which represent a process of capital concentration in a globalising economy, appear to have an ambivalent effect on rural communities. On the one hand they help sustain a community with quality employment. But on the other hand, the process of capital concentration, by itself, does not appear to stimulate growth in rural communities. Besides, the results suggest that rural communities may be more vulnerable to change, in part because corporate profits do not necessarily stay at the site of production, and in part because of the 'threat to exit' by increasingly mobile transnational corporations who must be constantly vigilant about changing consumer demand.

7.1.2 Community adaptation

Beginning in the 1950s and stretching into the 1960s, each of the four towns was faced with varying degrees of crisis and pressures for transition. Each town was selected for this study because each had a distinct response to crisis. Ballaghaderreen brought agro-industry to the town, Cashel had tourism, Millstreet brought electronics industries and Castlecomer relied on a mix of industrial replacement industries. Yet the results from the study show that in three of the four towns the number of businesses did not increase with the introduction of new industries, or the expansion of existing

ones. Millstreet was the lone exception, where the introduction of electronics industries in the town was associated with a nearly 70% increase in the number of businesses in the town.

Does this mean that electronics industrial recruitment provides the 'best' economic development strategy for rural communities? It probably does not, for at least two reasons. First, Millstreet's focus on electronics firm recruitment was fortuitous in that this sector helped lead the 'Celtic Tiger' of the 1990s, and Millstreet was one of the first towns in Co Cork to successfully recruit industries in this high-tech sector. In other words its timing and level of success was fortuitous. It has to be said however that three of the four towns also showed growth in the number of businesses beginning at least by the mid-1990s and extending into the 2000s. So the benefits of a booming national economy appeared to have positive effects on each of the communities despite their particular development strategy. Probably the only reason Castlecomer's business structure has not also increased recently is its close proximity to numerous shopping opportunities in Kilkenny.

The second reason that electronics may not necessarily be the 'best' development strategy is the role of local initiative in the towns. The data suggest two distinct types of entrepreneurial strategies used to cope with local change. The first type might be called an 'entrepreneurialism of last resorts', in which development initiatives focus mostly on needs and deficits – cf. the 'immiseration' model of decline in the literature on Irish rural communities. After suffering through the economic stagnation of the 1950s and its subsequent wave of emigration, the Fianna Fáil government instituted some fairly dramatic economic and agricultural policy reforms. It is therefore possible that the 1960s business growth in three of the four towns was driven by out-of-work miners, displaced farmers or farmer's wives seeking supplemental income. It was likely an unco-ordinated local response to change – individuals or families who invested what little resources they possessed into what were often marginal retail establishments in the hope of weathering the impending changes. In each of these three towns, these changes occurred five to ten years prior to the replacement industries, which were largely recruited by central government development agencies. The added employment provided by these replacement industries perpetuated the previous growth in the town's business structure, but did not necessarily add

to the existing number of businesses. In these cases entrepreneurialism and local initiative were mostly separated from community development planning.

The second type of entrepreneurialism, which in this study was observed in Millstreet, might be called an 'entrepreneurialism of leverage', in which the development initiatives focus on local assets and individual strengths. This is the more traditional conceptualisation of the entrepreneur who is able to mobilise financial resources (savings, venture capital, development grants, etc), draw on various networks of influence and motivate co-operation and collaboration among community members to achieve a planned outcome. Successful local businessmen in Millstreet used their resources, their connections, their management skills and their powers of persuasion to convince two electronics firms to locate in their town. It was a locally-based development effort that relied on assistance from central government but used the knowledge and skills of local residents to do most of the work. The result of these efforts in the town was clear and direct. And they continue to build on this success, both with their ongoing entrepreneurial efforts (Green Glens arena, the Eurovision Song Contest, Millstreet Country Park, etc) and the skills brought by an increase in professional services in the town. So Millstreet's success may have less to do with electronics per se. It could easily have been whiskey or tyres. Millstreet's experience of the last twenty years reflects rather a 'spiralling up' process where investments in human and social capital (the Millstreet Community Council) produced increases in financial capital (industrial development), political capital (awarded the Eurovision Song Contest), built capital (Green Glens, road and rail improvements), cultural capital (town pride and identity), and natural capital (Millstreet County Park).

In sum, these data indicate that industrial recruitment is not enough. Rural development policies based on the number of jobs created, total wages and productive output are very inexact indicators of rural change and adaptation. More importantly, relying exclusively on economic development indicators may be symptomatic of what Ventriss (2002) calls the 'politics of policy containment'. Rural development policies based on market-centred strategies and global competitiveness can limit civic engagement in community building (Ventriss, 2002) and can weaken democratic control over local decisions. Ventriss argues that:

> … because of [a] zealous focus on global competitiveness, …decision-makers may be inadvertently contributing to a weakened civic infrastructure by de-emphasizing – or in some cases completely ignoring – the importance of neighborhood and regional development strategies that can enhance local economic well-being … It is not claimed here that this focus on neighborhood or community-based economic and employment development in itself represents a more effective strategy than other attempts, but rather that it plays a surprisingly diminutive role in any overall strategy to improve the state's economic position (2002: 94).

Ventriss is unwilling to claim that community-based economic development represents a more effective strategy than a centralised market-based strategy. However, these data support Putnam's (1993) conclusions, and offer evidence to suggest that local civic engagement and collaboration are important tools for rural communities in effectively adapting to change (Peillon et al, 2006).

7.2 Tourism as a rural development strategy

The Rock of Cashel should have presented the town of Cashel with an obvious competitive advantage during the town's transition from an agricultural market town. However, until recently, there is little evidence to suggest that the town took advantage of its location next to one Ireland's premier tourist attractions. Instead, the data indicate that Cashel held on, for as long as it could, to its role as a market town until it began a 26% decline in the number of businesses in the mid-1980s. During the same years of decline in Cashel, the number of tourists to Ireland, and the number of tourists to the Rock of Cashel more than doubled. And it is unclear today whether the recent rebound in the number of Cashel businesses is due to tourism activity, some recent successes in industrial recruitment, or simply the national economic boom. What is clear from the data is that Cashel has not effectively made tourism work as an economic development strategy. A great deal of money has been spent on site renovations at the Rock of Cashel, and 250,000 annual visitors to the Rock come and go with only a small impact on the business structure of the town.

Why has tourism not worked as an economic development strategy in Cashel? It could be that the town has adopted a

'sightseeing' mentality towards tourism, as opposed to a 'product development' approach to tourism planning. Several factors may have nurtured this mentality. First, because of the historical importance of the site, the Rock of Cashel has been well cared for by heritage interests at the European Union and national government levels. The Office of Public Works and Dúchas have actively managed the site since the mid-1960s, with guides, entry controls and site maintenance. And the European Union has provided significant financial resources for site renovations, beginning in the 1970s. In response to these management efforts, visitation to the Rock of Cashel has increased five-fold since the early 1970s. Even with this level of outside support, however, Cashel's experience appears to be a case of facility development divorced from service and amenity development.

The result has been a tourist experience that is largely separate from the town. Visiting the site and taking advantage of its interpretive presentations and guided tours can take roughly one to two hours. After that, most tourists travel on to other destinations because the service base in Cashel is not well developed. There are half a dozen or so restaurants and a few gift shops clustered near the entrance to the Rock and around the corner on Ladyswell Street, but few other retail services to attract tourists further into town. The bed base for overnight accommodation is quite small compared to similar types of prominent tourist attractions. Finally, the auxiliary attractions that might convince visitors to linger in Cashel are scarce and not well publicised.

The town is well aware of these difficulties and has specifically tried to address some of these shortcomings. But the results have been limited. In interviews with town residents, some have reported a lack of co-operation in the town and the type of factionalism often reported in earlier community studies (Brody, 1969; Eipper, 1984). This factionalism might be best illustrated by a 1970 controversy in the Dáil debates when the local TD from Cashel was accused of 'political patronage' in guide-hiring practices at the Rock of Cashel. When confronted with this accusation, the TD admitted that three of the six guides hired that year were cousins (Official Report, Dáil Éireann, vol. 248, col. 1125).

Overall, the result is that Cashel tourists are primarily sightseers. The Rock of Cashel is an important and impressive sight. But tourists tend not to get a sense of Cashel town during their visit.

And the new bypass around Cashel town is unlikely to help. There is, in short, no tourist product that ties the town of Cashel to the Rock, or ties the town of Cashel to its location in the heart of the Golden Vale. Product development in the tourism industry has been successful on a variety of scales. At one end of the scale are the all-inclusive resorts pioneered by Butlin's resorts and the British seaside enclaves, and more recently elaborated in the Caribbean region. Some have cynically claimed that these destinations are designed to extract every last penny out of the tourists' pockets. At the other end of the scale are ecotourism destinations, designed around natural attractions and operated in a way that is environmentally and socially sustainable. Product development in Cashel could fall somewhere in the middle, telling its story as a medieval city and exploiting its role as an agricultural market town by, for example, living history demonstrations, cattle market tours or agricultural tourism businesses.

Whatever its expression, the Cashel tourist experience must be developed collaboratively and co-operatively by community leaders, business people and residents. There are signs that Cashel is heading in a more positive direction. The Bru Boru National Heritage Centre and the Cashel Folk Museum are both excellent auxiliary attractions to round out a visitor's experience. And the Chamber of Commerce has an information centre and interpretive history display located in the centre of town. The improvements in the town's business structure may in part be a reflection of these recent efforts. But the lesson from Cashel is that effective tourism development does not simply require a critical mass of tourists. It instead requires active community-level planning to articulate a coherent and compelling story that makes people want to see and learn more about the community.

Cashel's difficulties in developing its tourism product indicate that the post-industrial theory of rural restructuring may not be a useful way to explain the Irish experience. None of the four towns in this study has transitioned to a predominant reliance on service-sector businesses. Manufacturing industries remain a prominent part of the town economy and landscape in each of the four communities. Even Cashel, with one of the most visited tourist attractions in the country, has possibly benefited more in recent years from its pharmaceutical industries and its healthcare facilities than from its tourism sector. The national successes of industrial

recruitment during the past two decades have created a strong rural manufacturing sector throughout the countryside. Ireland's place in the global division of labour still makes industrial manufacturing a key part of the nation's economic and social mosaic. Ballaghaderreen's experience even suggests that agriculture, organised around agro-industrial food processing, can still be a viable rural development strategy. In spite of a boom in tourist arrivals during the 1980s and 1990s, much of rural Ireland, apart from the West, has not organised itself around the tourism sector. And apart from the explosion of holiday homes in the West, the exurban migration associated with post-industrialism has not occurred in most of rural Ireland.

Cashel has recently experienced the uncertainties of a reliance on large industry. One of its pharmaceutical companies closed in early 2007 and the town's regional hospital was moved to Clonmel. Castlecomer has also seen its share of industry that has come and gone. The mobility of global capital and the ever-present 'threat to exit' by industries owned by transnational corporations should make the development of a viable service sector a key component for building vibrant innovative communities.

7.3 The role of the state in economic development

Economic development in Ireland is, by design, a top-down policy initiative, facilitated by a comprehensive set of state and semi-state agencies and programmes that lend support to a wide range of development activities. IDA Ireland is charged with industrial recruitment, primarily of large foreign export oriented companies that are related to five key development clusters: information technology, pharmaceuticals, computer software, customer support services, and financial services. Enterprise Ireland focuses its development efforts on large indigenous Irish companies. Finally, the thirty-five county enterprise boards, which are housed at the county council level, assist small local business development among companies with ten or fewer employees. In addition the EU's LEADER programmes (LEADER 1, LEADER 2 and LEADER+), organised at the sub-county level, have been specifically designed as rural development programmes targeted at ways of diversifying rural economies. Between these different institutions and programmes, the network of development support is cast widely. The cluster development policy uses some of the latest thinking in

economic development theory. And its record of national success over the last ten to fifteen years is exemplary.

7.3.1 Crisis intervention

However, the results from this study show that the record of economic development success in specific rural localities can be more ambivalent. Since the beginning of the Irish Free State, the government has had a strong ideological commitment, if not financial commitment, to providing for the social welfare of all of its citizens. State intervention and support during times of crisis is well evidenced in this study. For example when Castlecomer Collieries was failing in the 1960s, the state spent a quarter of a million pounds over a five-year period on geological assessments and operating subsidies for the company. When it was clear that the mining operations in Castlecomer could not be salvaged, the state classified the town as an economically distressed area, thus qualifying it for special grant incentives for industry start-ups. Finally, state-led industrial recruitment was highly successful in bringing four new industries that replaced the number of jobs lost in the mine within two to three years after the mine closed. Strong state intervention in Castlecomer effectively and efficiently averted the economic bust that could have occurred when the mine closed.

By taking a longer look over time, however, the story of Castlecomer does not necessarily have such a happy ending. The introduction of these new industries into Castlecomer did not contribute to growth in the town's business structure. It helped sustain the previous growth in the 1960s, but it did not add much to the town. Moreover, by all accounts, the new industries did not simply provide replacement jobs. That is, miners did not simply collect their final pay cheque from the colliery and then show up for work at the new woollen mill. Instead, the introduction of new industries in Castlecomer had a substantial impact on the social fabric of the town. Former miners filled a minority of the new jobs as some younger miners left town and some older miners went into 'semi-retirement' or died. In addition the new industrial jobs attracted some new residents to the town thus changing the social dynamics of the 'mining town'. Also a number of commuting workers from nearby towns took jobs in Castlecomer. Their economic impact on the town and social contribution to the life of the town may have been minimal.

The other lesson from Castlecomer is that industrial recruitment based on 'smokestack chasing' may not be sustainable over time. The industries that located in Castlecomer in the early 1970s were from very different industrial sectors. There was no strategy to attract a cluster of similar industries that could take advantage of shared component suppliers and auxiliary services. And while a cluster strategy cannot guarantee success, Castlecomer's experience since 1970 at least validates contemporary critiques of the 'smokestack chasing' industrial recruitment strategy. While the introduction of new industries in Castlecomer was not associated with growth in the town's business structure, a decline in the number of the town's industries, beginning in the early 1980s, has been associated with a similar decline in the number of the town's businesses. Today, there is only one 'major' industry left in Castlecomer – Ormonde Brick – with several smaller construction-based companies, and the town may be assuming a role as a dormitory town for Dublin. So the message from Castlecomer is that central government has done a good job of taking care of communities in crisis. But the solution does not come without costs that can become more transparent in a longitudinal analysis.

7.3.2 Capacity building or entitlement?

State intervention in the form of everyday service provision (schools, medical care, roads, industrial parks, etc) is also not without its ambivalences in some rural communities. The underlying goal of state-sponsored rural development policy is to provide the mechanisms that will allow communities to build the capacity and the competence to proactively manage their everyday affairs in directions of their own choosing. However, these mechanisms are rarely established in a uniform way. Some localities have developed stronger and more effective patron/client relationships with civil servant decision makers. Other localities may have stronger representation in political bodies, advocating for area interests in legislation and ministerial oversight. Irish politics particularly in the 1960s, 1970s and 1980s had prominent elements of clientelistic favouritism – a sort of 'some-of-what-you're-having-yourself' type of politics (McDonald, 1985). So some communities were probably looked after more carefully by central government than others over the years.

Among the four communities in this study, one might expect that the development successes in Millstreet would be indicative of

close ties with Dublin. Of course, the networks of patron/client relationships between local residents, county councils, central government civil servants and political representatives are complex. And assessing these relationships is beyond the scope of this research. However, one can get a sense of how much attention each of the towns was able to generate in Dublin by searching the Dáil and Seanad transcripts for these four town names. Between 1930 and 2005, in both houses of the Oireachtas, Millstreet received 459 mentions, Ballaghaderreen received 608 mentions, Castlecomer received 614 mentions and Cashel received 1,292 mentions. There was a higher portion of references to Ballaghaderreen during the James Dillon years in the Dáil (1932 to 1969). His eloquent and sometimes bombastic oratory would often make only incidental reference to Ballaghaderreen, but the association between the politician and the town was always unmistakable. The discussions about Castlecomer spiked during the World War II coal shortages, and during the 1960s when the collieries were struggling for survival. Finally, the majority of discussions about Cashel have mostly occurred since 1960, when the annual number of references in the Dáil transcripts was typically more than twice the number of references for the other towns.

There are two conclusions that may be drawn from these transcripts. First, changes in Millstreet have received less attention in the Dáil than changes in the other three towns. This suggests that Millstreet may have achieved its recent successes with comparatively less dependency on central government intervention. Second, it suggests that Cashel has been well cared for by the state for at least the last forty-five years. The references to Cashel include, among other things, discussions about hospital appropriations, Rock of Cashel management and renovations (from EU funds), and state assistance for the Bru Boru National Heritage Centre. It could be that this level of attention and assistance from central government has created a bit of an entitlement mentality in Cashel. The town did not seize its opportunity to develop tourism during a time when state attention and financial assistance were high. Considering the experiences of Millstreet and Cashel together, the data suggest that there might sometimes be too much state intervention in the affairs of rural communities.

7.3.3 Global competitiveness

Irish development policy over the last thirty to forty years is fundamentally based on the goal of creating a globally competitive business climate. A favourable corporate tax rate, a highly-educated labour force, EU membership, a well-trained and skilled managerial sector, a comprehensive system of state development assistance programmes, and relatively low wages have all been pieces of Irish modernisation. The earlier years of 'smokestack chasing' or 'second string' industrial recruitment achieved modest success. Ireland's more recent cluster development strategies have thrust the country into a prominent niche in the global economy: a major manufacturing and assembly site for companies (frequently US-based transnational corporations) exporting products into the EU market and beyond. Through it all, the Irish government has been a willing and effective partner in this global process of capital accumulation. The results from this study, however, show that the local articulation of a globally-oriented economy (i.e. glocalisation) has produced more ambivalent results.

The good news is that there is some evidence to support the 'rising tide that lifts all boats' notion. Three of the four towns in this study showed business increases during the late 1990s and 2000s. So increases in national economic output and a growing per capita GDP appear to have observable results at the local level. The bad news, however, is two-fold. First, there was a weak link between the introduction of new industry and growth in the business structure of towns. So Ireland's global competitiveness expressed in a local context does not appear to have been the most effective way to help rural communities diversify their economies. Second, if a rising tide has helped rural communities, a receding tide should be just as likely to lower all boats, and rural communities without diverse economies could struggle during economic slumps.

There are at least two primary reasons why 'glocal' articulations of global competitiveness may constrain the adaptability of rural communities. First, O'Hearn's (1999) analysis of the 'Celtic Tiger' warns of its inherent vulnerabilities, suggesting that it may be more of a Celtic 'kitten' rather than tiger. His macro political-economic analysis is inherently mistrustful of the dominant role of direct foreign investment in the 1990s economic boom, and the comparatively minor role of indigenous capital investment in Ireland's growth. His concern goes further however. He is also

concerned about how transnational corporations have leveraged the low corporation taxes in Ireland to distort productivity indicators. He argues that transnational corporations have used Ireland as an assembly point in the global division of labour, where they will import components at artificially low prices and assemble them for final consumer sales, thus realising the largest value-added margins within the low-tax Irish haven. O'Hearn argues that the value-added margins reflected in corporation taxes exaggerate the actual value-added contribution of Irish manufacturing.

O'Hearn's analysis probably places too much emphasis on the transnational structure of corporations in the Irish economy, and tends to de-emphasise medium size and small industry in his analysis. He also de-emphasises the active role of the state and its regional and local development schemes. The results from this study suggest, nonetheless, that his warnings about economic vulnerability are valid. The global economy is highly mobile and industry is frequently organised around 'just-in-time' manufacturing designed to quickly respond to changing and diversifying consumer demand. It is also designed to speed product delivery and hold down inventory costs. In this system it may be that the component manufacturer is more frequently located in rural areas. Large end-product assembly facilities need access to the sort of transportation networks that are not always found in rural areas. Component manufacturing may be different however. In this study, nearly all the industries in the four towns were component manufacturing facilities: e.g. components for the motor industry (Alps in Millstreet), cables and switching terminals for the IT and computer industry (Molex in Millstreet), bricks for the construction industry (Ormande Brick in Castlecomer), milk powder (Shannonside in Ballaghaderreen), or primal meat slaughtering for restaurants (Dawn Meats in Ballaghaderreen). These suppliers of 'components' in a global context are bearing the inventory costs in a global division of labour and as a result are particularly vulnerable to market shifts that occur in locations far from the source of manufacture. The simple message from this critique is that the 'threat to exit' among globally trading companies is always present, and rural development planning based on job creation should always be supplemented with planning for economic vulnerability.

A second reason why the 'glocal' articulation of global competitiveness may be constraining the adaptability of rural

communities is the emphasis on job creation and export growth. Ireland's success in manufacturing growth has had a hypnotically reinforcing outcome. Success has been based on an economy of scale. When the nation's corporate tax rate is so low it must rely on 'high volume' industrial recruitment. This strategy has been successful and the resulting economic growth created a flush government treasury, and an expanding array of services and amenities provided by the state. The downside however is that rural areas in Ireland are potentially bypassed in the R&D/innovation functions of manufacturing. In an economy based on direct foreign investment in industrial component manufacture and product assembly, innovations may be developed and engineered in distant locations. One reason why the business structure of these four towns did not always respond directly to the presence of industry is because decisions about the plant may have been made elsewhere. The community capital benefits that might accrue from the everyday presence of R&D professionals may be harder to take root in many rural areas.

Of course Irish rural development policy makes concessions for these structural difficulties that are inherent in industrial recruitment. The county enterprise boards were explicitly created in 1993 to encourage entrepreneurial activities in local areas. Millstreet Community Enterprises, which was set up as a component sub-contractor for Alps and Molex, was one example of efforts to diversify the town's economy and foster an entrepreneurial climate. However, this effort was a victim of the electronics downturn in the late 1990s and early 2000s. Given this business failure, and the very modest entrepreneurial efforts in the other three towns, is Irish rural development policy doing enough at community capacity building? Ventriss' (2002) study of industrial recruitment efforts among states in the US asks

> Is it merely a coincidence or accident that most of the states that have aggressive [business development] programs tend to provide little funding or support for economic strategies that promote or encourage community co-operatives, local enterprise agencies, worker co-operatives (employee/worker ownership approaches) and community development co-operatives?

7.3.4 Local initiative

Ventriss' conclusion from the US experience may be a bit overstated for Ireland and much of Europe however. The EU-supported LEADER programmes have been funded since 1992, and reflect the recognition that economic development is more than just job creation. Jobs are a pervasive metric of success in political and economic development circles. But rural development policy embodied in the LEADER programmes recognises that jobs by themselves do not necessarily lead to growth or development. LEADER strives rather to leverage local creativity and initiative as a way to create more 'vibrant sustainable communities'. IRD Duhallow Ltd, a community-based development company that manages LEADER funds in the Millstreet area, describes the programme on its website as

> an EU community initiative for rural development designed to find innovative solutions to local problems by availing of local organisational capacity and expertise. LEADER enables people to have an input into the development of their own areas by devising strategies which will create employment and wealth to revitalise the less developed and fragile rural areas.

Tourism and alternative agricultural initiatives have been a staple of LEADER funding, but projects are not limited to these activities. IRD Duhallow offers programmes such as community development training, employment and job training workshops, enterprise support groups, a farm assistance scheme, and a rural transportation system. The Tipperary LEADER Group, which funds projects in the Cashel area, included five themes in its LEADER+ programme, including cultural and heritage development, renewable energy and waste management, landscape conservation, low-input farming, and low-input food production. The Arigna LEADER, which funds projects in the Ballaghaderren area, features projects such as enterprise incubator facilities, community development training, market research grants, alternative agriculture and food projects, and environment sustainability projects. It also supports a variety of tourism initiatives such as the Arigna coal mine tour, agri-tourism, and the Ballinamore-Ballyconnell canal communities project. Finally, the Barrow Noir Suir LEADER programme, which funds projects in the Castlecomer

area, supports projects such as a rural transportation initiative and an environmental management programme, development of community recreation facilities, and entrepreneurial grants and training. More specifically, LEADER funds have helped support broadband internet access in Millstreet, a public playground in Ballaghaderreen, and the development of the Wandesforde Estate demesne in Castlecomer as an arts centre and community park. In sum, LEADER programmes in Ireland have facilitated entrepreneurial initiative, rural tourism development, alternative agriculture, and have improved the quality of rural life through a variety of environmental and infrastructure improvements.

The results suggest however that success has not been uniform. Some communities have been more effective at putting the pieces of the community economic development puzzle together. While the LEADER programmes have provided an important source of funds for local initiative, the ability of local communities to respond effectively has differed. Some communities are more socially cohesive; some communities have unique environmental and/or cultural amenities; some communities have stronger ties to external resources; some communities have more knowledge, expertise and financial resources; some communities have stronger town identities; and some communities simply want to change more. The result is a striking diversity of adaptive responses. Even with the many successes of the LEADER programmes, community capacity building still appears to be a thorny goal for development policy.

7.3.5 Local governance

One reason why nurturing local initiative may be so tricky could be that Ireland has no legislatively binding mandate for local governance. It is typically the job of local representation in county or central government and/or 'devolved' civil servants to mobilise local support for initiatives that typically originate at the centre. However, Peillon et al (2006), in their study of local governance in the Irish suburbs, ask: 'With minimal democratic representation below the level of the county council, who can legitimately claim to represent the locality, define its interests, negotiate with the public authorities and co-operate or enter into partnership with various agencies?' (2006: 44). They claim that most localities lack the sort of social capital and community capacity – i.e. 'a tradition of local civic engagement, existing organisations, skills and expertise, etc' (2006:

49) – that would enable them to devise a system of self-governance. Without a legal mandate from central government for local governance, they argue that most Irish communities live in an 'institutional void', where local interests must either acquiesce to outside agendas, or exert influence through patron/client networks in the existing structures of government.

Each of the town's in this study had some form of local governance expressed in a community council. However, the structure differed: some councils were elected while others were voluntary. Each of these community councils also differed widely in the scope of their programmes and the effectiveness of their efforts. Projects varied across the four towns from industrial recruitment, 'tidy towns' projects, building a swimming pool, lobbying for a bypass, developing a mining museum, to creating a town web-site. Some towns were able to set aside differences and factionalism to bring about substantial improvements to the town. But, as in Peillon et al's study of Ratoath, others who struggled with consensus may have stuck to easier, less contentious projects. The point is that there was clearly a desire in each locality to take charge of their community's development. And given the wide variation in effectiveness across the four towns, there appears to be a need for standardisation and organisational assistance. Central government should consider ways of legislating a role for rural community councils, funding the mandate and providing technical and organisational assistance/training so that the local interests of rural people can be expressed in a systematic and equitable manner.

7.4 Entrepreneurial climate

The results of this study showed a fairly direct and positive relationship between community development and a town's entrepreneurial climate. The town of Millstreet nurtured a combination of entrepreneurial and collaborative community efforts beginning in the late 1970s as a response to declines in town businesses in the 1960s and stagnation in the 1970s. The result was a dramatic town 'renaissance', particularly in the 1990s. In the three other towns, the apparent relationship between community growth and adaptive development strategies was weak or non-existent. The introduction of new industry in Castlecomer and Ballaghaderreen and the growth of tourists in Cashel helped sustain these three communities during their transition, but did not contribute

substantially to growth in their business sectors. If one can generalise from these four communities, the necessary ingredient for rural community development may be an entrepreneurial climate.

Economic development that focuses on direct foreign investment and job creation appears to have a muted effect on specific rural localities. The economic impact is muted for three reasons. First the direct effect of consumer spending on products sold on a global market is diluted throughout the chains of manufacture, distribution and sales. Very little of the money spent on a milk powder creamer product in California makes its way back to Ballaghaderreen. Second the indirect effect of employee spending from wages is not limited to the township where the money is earned. The new industries that opened in each of these towns certainly provided a windfall of new jobs. But the people filling these jobs are not necessarily town residents, and spend their money in a variety of places across the region and country. Third, the induced effects of supplier spending may bypass local communities altogether. Large corporations, particularly transnational corporations, with multiple manufacturing and service facilities may have pre-established contracts with component and material suppliers and transportation companies located elsewhere in Ireland, Europe, or the globe. Because of these factors, industrial development has thus far not been a significant force in diversifying rural economies.

The overall result is that industrial recruitment in rural Irish communities has created jobs that effectively stopped decades of out-migration. Yet the economic impact of industrial recruitment appears to be more regional or national than local. There is evidence for a 'rising tide that lifts all boats', and most communities in this study have benefited to some degree from Ireland's recent economic success, particularly with the building boom of the last ten years. Even so, this industrial recruitment development strategy may leave rural communities vulnerable to a receding tide. Job creation may be a positive first step in giving rural residents 'a choice to stay or leave', but job creation by itself may not be enough to create viable and vital rural communities. Emery and Flora (2006) argue that 'the usual rural development strategy of beginning with infusions of financial capital or built capital is often not cumulative' (2006: 23). To more effectively adapt to change, rural communities also need infusions of human, social, cultural, political and natural capital.

Millstreet's approach to rural development, however, was different from the other three communities in this study. The results show that the town was able to combine job growth through industrial recruitment with a strong entrepreneurial climate of individual risk taking and community activism. At least two individuals in the town leveraged their earlier business success to create 'pet' projects that were as unique as they were viable: Green Glens Arena and the Millstreet Country Park. Together these two projects attract a wide variety of visitors to the town including tourists, school groups, concert-goers, horse buyers and traders, show-jumpers, and people attending a variety of conventions and demonstrations. The impact of this activity on the town's business structure is apparent. These individual efforts were combined with a level of community co-operation that successfully recruited high-tech electronics industries to town, and that facilitated the creation of a sub-contract supplier of components to the two local industries. In sum, the town combined individual risk takers with a group of residents who were able to put aside enough of their differences to work for a collective goal of community revitalisation. The outcome was dramatic growth in the town's business structure and a strong sense of community pride and collective identity.

The level of entrepreneurial activity in Millstreet was fairly unique among the four towns studied. This is not to suggest that entrepreneurial activity did not exist in the other three towns. Neither does it suggest that Millstreet's story is all good news. During the economic downturn of the electronics industry in the early 2000s, Millstreet Community Enterprises (the sub-contract firm) did not survive. And when Molex closed one of its Irish manufacturing plants, Millstreet was fortunate that it opted to close the Killarney facility. In addition the Green Glens Arena website during the summer of 2006 listed only four events for the year: a Westlife concert, the Millstreet Pony Show, an international Juggling Convention and the Millstreet Horse Show. While the website may not provide a full representation of annual events, there appears to be unused capacity at the facility.

Millstreet's experience raises two questions about entrepreneurialism in rural development policy. First, if locally generated entrepreneurial activity is an effective complement to national-level industrial recruitment strategies, how can government policy help facilitate entrepreneurial initiative in rural communities where it is

mostly absent? In asking this same question, scholars such as Shapero (1984) and Feldman (2001) argue for a distinction between entrepreneurial activity and the entrepreneurial event. Most policy-based prescriptions for encouraging entrepreneurial activity include conditions such as the availability of venture capital (Sapienza, 1992), supportive social capital (Flora et al, 1993), entrepreneurial expertise/consultants and business support services (Malecki, 1997), and business incubators tied to universities and technology institutes (Ventriss and Gurdon, 2005). The resources available to Irish rural communities (the LEADER programmes and the county enterprise boards) provide many of these functions, such as investment grants, business education and training programmes, and working relationships with Irish research universities. There is also an Irish Venture Capital Association with nineteen full members, two affiliate members and thirty-two associate members in 2006.

Yet Feldman (2001) argues that these conditions for developing entrepreneurial activity exist and are more fully developed in locations with established entrepreneurial activity, and are not sufficient conditions by themselves for business innovation. She argues instead for a focus on the entrepreneurial event, or the specific social conditions that spur an individual entrepreneur to leave the security of the labour market and assume the risk of self-employment. Her research shows that most small entrepreneurs start businesses on a small scale with limited investment capital. Once established, they seek venture capital for expansion and create their own networks of business consultants, research expertise and community support. If true, then these types of entrepreneurial conditions currently exist in well-established economic clusters, for example in the greater Dublin area, Cork and the Shannon Regional Development area. However, the data from this study appear to support Feldman's argument that these entrepreneurial resources tend to have a fairly modest impact on rural communities with no established entrepreneurial culture. Conversely, success builds on success in an upward spiral of community asset building (Emery and Flora, 2006).

The task for rural development policy then is to establish mechanisms that will stimulate the entrepreneurial event in localities where business innovation has been largely dormant. To leverage the benefits of Ireland's economic boom for rural

communities, rural development policy must move beyond established networks of patron-client privilege and find ways to reduce the risks and uncertainty of bringing innovative ideas to markets. Business development grants, low interest loans and tax incentives are necessary first steps. But, to stimulate an entrepreneurial event in rural Ireland locations, rural development policy must go further. Rural development policy can easily fit within the context of Ireland's national cluster development strategy. Programmes can be targeted at rural communities that

1) systematically identify ongoing opportunities for sub-contract partnerships with existing Irish industries
2) stimulate entrepreneurial interest among *individuals* who live in rural places
3) link those individuals with university-led business incubators in the product innovation phase
4) link rural entrepreneurs with specific industrial customers
5) provide ongoing business management assistance and consultation.

Overall, the results from this study show that the Irish national economic development strategy based on direct foreign investment and job creation has effectively 'taken care' of its citizens, both rural and urban. The results also show, however, that a rural development policy based on stimulating an entrepreneurial climate can also help create vibrant, innovative and amenity-rich communities that foster a strong sense of community identity and pride among its residents.

7.5 Conclusion

The results from this study show that the Irish rural development experience over the past seventy-five years does not offer a clean fit with the theories of rural change outlined in chapter 2 above. Its colonial past, coupled with its fitful early efforts at nation building made Ireland a 'late moderniser'. When if finally made its exuberant plunge into the modern global economy, it forged its niche in the new global division of labour in industrial manufacturing and used its competitive advantage to build its own Irish-based TNCs in food processing and agro-industry. As a result,

the Irish brand of rural restructuring is in many ways unique and has followed its own pace. Similarly the local Irish response to contemporary globalisation has been only recent and very intense, and the 'glocal' expression has not yet been clearly forged in most Irish rural spaces. The diversity of adaptive responses is clear in this study, but new local identities are just emerging. Ireland's fit with rural development theories is also confounded by its staunchly centralised form of governance.

In Ireland there is a built-in structural bias against rural communities as a unit of analysis in economic development policy. The most glaring evidence for this is the lack of data on Irish rural communities. Because of the structure of Irish governance, most economic and social indicators are typically analysed at the national, provincial or county levels. In conducting this research I was told that census data could be analysed at the town level, but I was never able to crack the CSO fortress to access any data beyond previously published DED-level data. And of course, without any town level system of governance, there are few indicators of community wealth, vitality, or community capital available. Consequently, for data-driven policy analysis, one is left to piece together data points from disparate and sometimes incomplete sources. Policy and planning decisions are therefore made using data aggregated at a higher level. Community interests must make their appeals to the county council or to Dublin, thereby reinforcing the system of clientelism so common in Irish politics. Of course one cannot be too critical of this system or its development policy, given Ireland's economic successes of the last twenty years. And indeed rural Irish residents may invest as much or more personal identity into GAA allegiances to one's county or province than to one's community. Nevertheless the results indicate that top-down rural development strategies do not benefit all communities equally. And perhaps equalising the fortunes of all rural people is an unrealistic goal anyway. In developing rural places, should governments aspire to an equal spread of people, services and economic opportunities across the landscape? Or should governments aspire to encourage and facilitate more distinctive local responses, where people use their own array of resources, knowledge and creativity to develop a diversity of rural places across the landscape? Vibrant adaptive communities may need something more than an umbrella of government support before they can adapt to the future risks and uncertainties of a globally integrated Irish economy.

Communities may need more effective mechanisms from which to take charge of their own adaptive strategies.

Finally, do Irish residents have more of a choice to 'stay in, leave, or move to, rural Ireland?' Population increases since 1996 would suggest that they do. But is this choice simply a financial choice, where people follow employment opportunities? If so, rural Ireland may struggle to keep its well-educated population of young people, who are entering the labour force, from migrating to employment opportunities in Ireland's own version of an industrial urban core. And some rural communities may lose all sense of identity as they are overwhelmed by the rapid suburbanisation and exurbanisation pressures from industrialised urban areas. Rural development policy therefore needs to complement its job-creation initiatives with programmes that enable people to make *lifestyle* choices to live in rural communities. Providing interesting employment opportunities with liveable wages is a necessary condition for rural development. But development policies that encourage people to take innovative risks, to participate in local governance, to develop local amenities, and invest in the life and identity of the community are the sufficient conditions for rural development in Ireland.

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