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ECONOMIC WELL-BEING IN THE BALLYMOTE RURAL AREA: Myth and Reality
Brendan O'Donohue and Seamus Grimes

Introduction
Despite the many negative indicators such as falling population and high emigration which are characteristic of the Northwest, the town of Ballymote appears to be booming. In explaining this apparent contradiction, three questions suggested themselves; (a) what influences at the EU, national or local levels have enabled the town to survive? (b) given the apparent failure of traditional socioeconomic indicators to reflect the underlying reality, what new indicators would accurately reflect the economic well-being of the area; and (c) given that Ballymote had survived, and indeed thrived against the odds, what lessons could be applied to stimulate economic growth in other areas?

Since one of the authors had been a bank manager in the town for a number of years certain insights into the functioning of the local economy were available to the researchers at the outset. In addition to the usual range of published data sources, the study was primarily based on a series of confidential interviews. It is not too surprising, therefore, that money was chosen as the key to unlock the workings of the local economy, with particular emphasis on disposable income, savings, and participation in the black economy. While it is commonplace for countries to count their income in terms of Gross National Product, there is no available mechanism in Ireland to assess levels of income for localities. One of the objectives of this study, therefore, was to explore ways of assessing major money flows and the overall income of a locality. Among the questions to be examined were the effects of savings and of the black economy on the locality.

Ballymote
In 1991 the town of Ballymote had a population of 1,014. It is located in the southern part of County Sligo, which, with the neighbouring county of Leitrim, form the Northwest planning region. County Sligo with an area of
709 square miles has an extremely compact layout. Sligo town with a population of 18,018 from a county total of 56,046 dominates the area. Its dominance is further accentuated by the fact that only two additional towns in the county, Tubbercurry and Ballymote have populations over 1,000. A good indicator of the main market area of Ballymote is the Ballymote District Electoral Division (DED) together with 10 neighbouring DEDs, which in total contain a population of 4,719. The only major employers in Ballymote in 1991 were two German-owned light engineering plants which employed 105 people. Grant-aid from the State for these two factories amounted to £1.75m, which was equivalent to a cost per job of £16,666.

An analysis of the 1971 and 1981 census data revealed that there were few rural parts of the northwest region with a high level of well-being, and development within Sligo was concentrated in Sligo town. Applying a similar method of analysis to the Ballymote DED, rather than the town population alone - to ensure inclusion of the farm population from the hinterland - for the period 1981-86, it was found that most of the variables showed signs of deterioration. While County Sligo's population declined by 2.3% between 1986 and 1991, the decline in Ballymote DED was 5.7%, and Ballymote's population itself declined by 4.6% to a total of 1,014. Yet despite ample evidence of decline during the recent period, observation and experience would suggest that the town is booming.

Ballymote booming
The Ballymote and District Community Council was established in 1982. An initial success in having the town's public lighting upgraded led to the commissioning of a survey which focused attention on improving facilities and increasing employment opportunities. While few of the survey's recommendations were ever actually implemented, the Council continued to act as an originator of ideas which other enthusiastic groups brought to fruition. The list of such achievements is impressive and they included (a) the development in 1988 of a major soccer pitch on community grounds originally purchased in the 1940s; (b) the development in 1989 of 16 houses for the elderly adjacent to the local nursing home; and (c) the development in 1990 in an existing building of a 4,000 square foot rentable craft or community space, and a further 4,000 square feet of manufacturing workspace. The facility was completed in 1993 with a total State input (including funding from the International Fund for Ireland) of £260,000. At full occupancy it is expected to provide 30 jobs at a cost of £8,666 per job.

The renovation of this old building indirectly led to Sligo County Council initiating a project to improve greatly the layout and landscaping of the town centre, with the co-operation of the Church of Ireland, whose...
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property adjoined the development site. When other projects are added to the above list, such as the extension of the secondary school and repairs to the Catholic church, then the total cost of facilities added to the town during this period amounts to more than £1m. Of this some £300 000 had to be raised locally. With the exception of the industrial workspace project which did involve some borrowings, approximately £250 000 was raised through local initiative during a period when the customary indicators of economic well-being were showing decline. In addition to this remarkable performance, approximately £250 000 is subscribed annually to the National Lottery from the Ballymote area, with little to show to date by way of return in support for local projects.

In trying to account for this relative affluence in a town of its size (1014 in 1991), particular attention must be given to the range of retail outlets in the town. The 1985 survey drew attention to the fact that 95% of the local population shopped locally for groceries despite the presence of a major shopping centre 15 miles away in Sligo town. Ballymote also has a furniture store and an electrical appliances store which are of such a scale that they draw customers from Sligo town and beyond. In some respects, therefore, Ballymote does not fit neatly into the regular model of central places, because of the much larger threshold population for some of its services, which are competing effectively with similar services in much larger centres. It is useful, therefore, to examine in some detail a case study of one retailing outfit, which succeeds in drawing a larger customer flow than might be expected.

A retailing case study

The two aforementioned major stores dealing in furniture and electrical appliances have been established in the town for many years, but it is only possible to speculate on their drawing power. During 1991, however, an existing supermarket of 900 square feet, transformed itself into a modern style complex of 4 500 square feet. The proprietor agreed to make available, on a confidential basis, both the turnover projections made by a marketing consultant prior to opening the new facility, and the actual results achieved since the opening. The main aspects of the difference between the projected and actual figures were the following: (a) the new turnover was 40% greater than the figure predicted by the marketing consultant; and (b) observation of the hugely expanded customer through-put indicated that the bulk of customers were coming from beyond the normal catchment area of the supermarket before enlargement. Thus the increase in turnover was not attributable to merely eating into the market share of competitors in the town itself.
The proprietor believed that use of the local radio for advertising had played a crucial role in expanding his business. People who would not normally use Ballymote as a central place for other services, but who used the by-passing primary roads to reach their normal shopping centres, were induced into the town by the radio advertising. There is every indication that these new customers, coupled with those drawn by the furniture and electrical stores, will produce considerable spin-off business for the town as a whole. Moreover, since the extension of this supermarket a competitor has also extended his property, providing Ballymote with two facilities equivalent to the competition found in the nearest larger urban centre of Sligo.

### Income and Money Flows

In order to assess the income of the Ballymote area, it is clearly necessary to attempt to include income deriving from a larger population than from the vicinity of the town itself. However, beginning with the town and its immediate hinterland, which can be taken as being coterminous with the Ballymote District Electoral Division (DED), it had a population of 1,458 in 445 households in 1991. The Household Budget Survey of 1987 indicates that the average weekly disposable income for the Northwest was £168. Allowing for an inflation rate of almost 13% between 1987 and 1991, a rough estimate, based on these figures, would suggest an overall income of about £4.3m in 1991.

A separate assessment based on local knowledge and other information sources and on the occupational profile of the area from the Census of Population can also be attempted. According to the 1986 Census of Population there were 768 in the labour force in this area, made up of farmers, employees, employers and unemployed. The best estimate based on local knowledge, the National Farm Survey, State benefits and pensions and unemployment assistance would indicate a total amount of £4.6m as opposed to the original sum of £4.3m. While there are some imponderables such as investment income, it can be fairly safely asserted that the absolute baseline income for the DED is about £4m.

It is clear, however, that many pensioners and unemployed persons who do not live within the Ballymote DED use the town as the central place in which they collect their entitlement. From data published by the Department of Social Welfare in 1991, this additional income originating in Ballymote, and probably largely spent there, can be identified as a further £0.9m on top of the £4m baseline figure.

Of this total of £4.9m, some £2m, or about 40% comes directly from State transfers in the form of pensions or unemployment benefit. If one
were to further consider subsidies in the form of premia and headage payments, paid to farmers under the Common Agricultural Policy, as being in effect State transfers also, then these payments of £227,000 within the DED (Department of Agriculture, 1991) would raise the overall State input to almost 45% 6. Such payments are of increasing importance to farmers, giving rise to the expression 'green dole'. It is also significant that the old style 'small farmer's dole' has virtually disappeared, with only 23 farmers (13%) out of a total of 179 signing on in Ballymote. The Department of Social Welfare (1991) figures also reveal the worsening employment situation in the locality. Benefit (paid against PSRI contributions) now constituted only 23% of total payments against 43% in 1985. The switch from Benefit to Assistance (which is means tested) showed that people were staying longer on the register than previously.

It is possible, therefore, to assess the income of Ballymote DED with a fair degree of accuracy, for the resident population of the DED and those who collect State benefits in the town. Comparisons can be made for Ballymote at different points in time, or with other towns of a similar size. Moreover, the relative size of the area's income from State sources can be taken as an indicator of the economic health of the area. Given Ballymote's role as a central place, providing a good range of facilities, a significant amount of money flows into it from its surrounding catchment area, but it is impossible to determine this amount statistically. However, the presence of the mart provides a rough measure which can help assess the area's income. Ballymote Mart, which has up to 500 farmers present weekly, drawn from a very wide radius, has an obvious impact on the commercial life of the town. Data for the mart, which account for only one source of farm income, indicate the following trends: Number of livestock sold: 20,942 in 1989, and 22,964 in 1990; Turnover: £16m in 1989 and £11.3m in 1990 7. Irrespective of the Household Budget Survey or the National Farm Survey, these figures indicate a significant drop in farmers' income during that period.

Savings
There is no way of establishing from existing data, being principally Central Bank reports, the geographic spread of savings in Ireland. Thus, in the case of Ballymote, the only fact available from local institutions in 1991 was the figure of £63,691 provided by the recently established Credit Union. No such information is available from the three commercial banks, three Building Societies or the Post Office.

In attempting to get some indication of the figures involved, one could follow the logic of Ross (1980) in his efforts to disaggregate national level
figures down to their component regions. Since he allocated 5% of national interest received to the Northwest (including Donegal), one could progress down the scale, using population as a guide, from region to county and to DED. If, for the sake of argument, this approach is applied to the figure of €21,191 million, which is given as non-governmental savings in November 1992 by the Central Bank of Ireland, then Ballymote would have savings of around €7 million, spread over the seven institutions previously mentioned. While there is no direct relationship between population size and savings, this figure is quite feasible for Ballymote.

While financial institutions preclude the release of local statistics, locally based individuals with relevant expertise can make a good guesstimate of total savings in the area. Such an exercise was facilitated in a recent study for Developing the West Together, and the conclusion was that savings in Ballymote were almost certainly over €30 million rather than the €7 million arrived at by the disaggregation method (O'Donohue, 1993).

Similar levels of savings were estimated for other small towns of similar size.

The extent to which rural areas in Ireland, like Ballymote, act as funnels for transferring savings to urban areas, which have greater possibilities for commercial success, is unknown. The Central Bank could provide data on either savings or loans to facilitate a spatial analysis of money flows at the DED or county level. Until such analysis is carried out rural communities will be working in ignorance of what the real situation is.

It is clear, however, from the above analysis that a lack of savings will not be a major barrier for development in Ballymote. It is possible, however, that the creation of a new mechanism, whereby local entrepreneurs would have first call on local savings, could be a major boost for rural development.

The Black Economy
A common perception, with vague allusions to Italy, is put forward that the black economy in Ireland constitutes a major portion of national income. The study most relevant to this paper is by O'Donohue (1988) in that it dealt with the Northwest and involved a detailed analysis of the kinds of activities in which those involved in the black economy were engaged.

Among those activities were the following:

(a) The Building Trade: examples of activities here included (1) utilising receipts for goods purchased by a third party so that VAT could be reclaimed by the builder and (2) cash payments to unregistered workers (not paying PAYE/PRSI) who were drawing the dole being translated into 'costs
for goods'; (3) doing small repair type jobs frequently for cash at a reduced price.

(b) Agriculture: (1) working as an agricultural labourer for cash (PAYE/PRSI not paid) for a neighbour or relative, while continuing to draw the dole; (2) an agricultural contractor being paid in cash so that no record of the payment appears in the accounts of either party.

(c) The Music Industry: (1) deflating admission numbers where a charge applies so that surplus cash thus generated can be utilised to pay performers in whole or in part; (2) 'show-biz' names of performers or small groups being changed to make follow-up difficult.

(d) Retailers: (1) two 'stocks' being held, one for accounting purposes, and the other for black economy (BE) usage. Stock receipts are utilised to buy more stock or the profit is siphoned off. (2) BE stocks facilitating employment of unregistered workers through the availability of cash.

(e) Domestic: (1) women being widely used for child-minding or housekeeping by high-income dual occupation households on a cash basis, with no records, thus enabling the women to continue drawing the dole; (2) women knitting at home for an agent.

(f) Tourism: (1) Bed and Breakfast facilities based on seasonal use of otherwise private houses being paid for in cash by tourists and thus facilitating under statement of income from this source.

(g) Skills: (1) skills of any kind being translated into cash outside official accounting records, providing the beneficiary is willing to co-operate. For example, a nurse who works shifts (perhaps nights) can leave his/her home area to work in another area - even in the UK - during periods of leave.

(h) Fishing: (1) small boats fishing seasonally and selling to a number of suppliers being enabled to conceal the real levels of catch.

During the period since the O'Donohue (1988) study the State has attempted to tighten up on many of these activities. It is possible to make a clear distinction in the above list between 'workers' and 'employers' in the black economy. The unrecorded agricultural labourer or child-minder is unlikely to be making a fortune even when dole money is added to such earnings. The real benefits are more likely to accrue to 'employers', particularly among those who are self-employed. Moreover, the 'worker' who is drawing the dole has a high visibility because of the need to sign on each week, whereas the 'employer' is virtually invisible. Available evidence from the 1988 Tax Amnesty confirms that the bulk of the money came from the self-employed, and this pattern is likely to be replicated when data from the 1993 amnesty is released.
In the Ballymote case, given that only 179 people (1991) from the locality were signing on in the town, and given the general lack of opportunity for employment in many of the listed occupations, it is highly unlikely that significant sums are being generated by the 'employee' group in the black economy. As in other areas some individuals will try to supplement their dole money by means of unrecorded occasional work, but while such earnings might be of considerable significance for the individuals involved, they are unlikely to make much impact on the local economy. Even on the employers' side, additional profits generated through the black economy are unlikely to make a major impact on the local economy, because they are likely to be siphoned off to safe homes far away, and will not appear in the savings placed with local financial institutions.

The perception, therefore, that the black economy in Ireland is in some way a thriving mini-industry, keeping local economies functioning, does not, on the available evidence from Ballymote, have a great deal to support it. This view, based on a micro-level analysis, is supported by a macro-level study by Pahl and Blackwell (1990), which concludes that the black economy in Ireland may well be the smallest in the EU. A recent paper to the Statistical and Social Inquiry Society of Ireland suggests that the black economy represents somewhere between 5% and 10% of GDP in Ireland compared with estimates of 20% in Italy. Superficial comparisons of Ireland's black economy with that of Italy are misleading, as the work of Weiss (1987, 1988) clearly demonstrates. The black economy in Italy is almost a political creation by the State, whereas the State's attitude in Ireland is most clearly demonstrated by the massive drive against this phenomenon in recent years.

Peters (1991) noted from a survey comparing 12 industrialised countries in terms of tax morality, that the Irish emerged as the people most willing to accept cheating. Peters cited a growing weight of evidence that tax evasion rises where people are dissatisfied with the provisions made by government, and Fagan also found evidence that the growth of the black economy was linked with the rising tax burden in given periods. Italy, however, provides some useful lessons, since the State discriminates in favour of small companies (under 20 employees). It could be argued that government policy in Ireland should also give more favourable treatment to firms with fewer than 50 employees, since they only account for 25% of the industrial workforce. In Italy, on the other hand, firms with fewer than 20 employees account for 50% of the total industrial workforce, excluding the underlying black economy. During the course of the O'Donohue study employers in small firms continuously complained about the extent of
documentation which they were subjected to by the State (O’Donohue, 1991).

In 1994 some employers commenting on the government’s drive against the black economy made the observation that such a drive could have a negative effect on government finances. The cost benefits from strict tax compliance had in some instances led to a drop in the number of employees with a consequent impact on dole queues and government finances.

Community Enterprise
Since community enterprise is the most recently used indicator of economic well-being in a locality it is useful to consider briefly its recent history in Ballymote. The initiative came, not from the local community, but rather from Sligo County Development Team. Collins 19 draws attention to this aspect of the State’s involvement in local economic development, from the time when a group begins organising itself. In 1989 the Minister for Labour predicted that Community Enterprise projects could be expected to generate 10 000 jobs per year, but as Varley 20 points out, progress to date has been poor. However, in 1990, it was seen in Ballymote as offering some potential, and the area responded to what was essentially a 'top-down' approach. The government at this time was declaring to Ballymote and to the many other areas like it, that it was their responsibility to solve the rapidly expanding problem of unemployment. Eisenschitz and Gough 21 have demonstrated that this 'pull yourself up by the bootstraps' approach was not confined to Ireland. The State in recent years has been distancing itself from accepting responsibility for unemployment, and it took the 1991 Local Election setback to help concentrate the government’s attention once again on what has been the fundamental failure since independence. By the time the 1992 General Election came along, what had been described as a problem earlier had now reached the dimension of a crisis in the mouths of competing politicians.

The hoped for 30 new jobs to be created in the new Community Enterprise Centre, should be seen in the context of 179 persons signing on for unemployment benefit locally. The provisional committee, however, which was established to advance the project was convinced that there were significant benefits to be obtained from the coalition of agencies involved (IDA, Fas, etc) in the project, and they set about acquiring funding to establish the Enterprise Centre. Given the previous history of the community in initiating and financing major projects (soccer pitch, homes for the elderly etc), the Committee did not baulk at the substantial local
contribution even though the money had to be borrowed. It is no surprise, therefore, that the project was successfully completed in 1993, confirming O'Cinneide and Keane's conclusion that areas who successfully launch enterprise projects tend to have a long history of community development. They have the ability to take the ball on the hop and run towards the designated economic goal, even though they may harbour doubts about the end result.

Conclusion
Various official data sources relating to population decline, out-migration and unemployment would suggest that Ballymote was in terminal decline. Evidence provided in this paper suggests, on the other hand, that the town is booming and the contradiction between the various ways of measuring the well-being of the area gave rise to the study. Ballymote's role as a central place with high-quality retail outlets and services has played a key role in generating a vibrant economy. While the town and locality has continued to lose population, improvements in retailing and services have increased its ability to draw people from a wide geographic area. Ballymote has survived because there were individuals who believed strongly enough in their own businesses to invest and improve them, and there was a community spirit sufficiently strong to adapt to changing circumstances. The construction of homes for the elderly and of the Enterprise Centre are evidence of that community spirit.

A case can be made, therefore, for State grants or tax breaks to ensure that small towns obtain designation for essential retailing and services. As in Italy, there is a strong case for positive discrimination in favour of small firms. New mechanisms are required to help local financial institutions recognise that local entrepreneurs should have a first claim on local money. Ballymote has survived to date against the odds for reasons peculiar to its history and its determination to survive. The lessons learned from that survival should not be lost on those whose function it is to determine and implement policy for the future.

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Notes