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<th>Making the Commons Work: Conservation and Cooperation in Common Property Resources. The Case of Irish Commonage</th>
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Making the Commons Work: Conservation and Cooperation in Common Property Resources. The Case of Irish Commonage

Abstract
Commonage represents land held under common property which incorporates a system of local cooperative arrangements and rules to conserve and manage the Irish uplands. We analyse the institutional and economic factors which influence the behavior of commonage farmers under a common property regime using a recursive bivariate probit model. Results show that (1) cooperation has a positive and important impact on commonage conservation; (2) agricultural policies by way of livestock premia increase the level of degradation; whilst (3) farm financial support through agri-environment measures positively affects commonage conservation and encourages cooperation between farmers.

Keywords: Cooperation, Common Property Resources, Grazing, Agricultural Policies
JEL Classification: Q24,Q15,Q57

1. Introduction
There is a significant literature indicating that communal groups can develop institutions to manage natural resources in a manner which is consistent with their conservation (Ostrom 1990; Bromley 1992; Baland and Platteau 1996; Feeny et al. 1996; Hegan 2003). A key determinant of the success of common property resources (CPR) is thought to be the group’s ability to cooperate and a number of studies have enriched our understanding of the factors and processes which produce collective outcomes (Wade 1987; Ostrom 1990; Baland and Platteau 1996; Bromley 1998; Gebremedhin et al. 2004). Interest in cooperative management of CPRs has been stirred by globally pervasive concerns about environmental degradation, and by difficulties in establishing private property rights over natural resources, especially in developing countries. It is also

* We would like to thank Riccardo Scarpa and one anonymous reviewer for the very useful comments and suggestions. The usual disclaimer applies.
thought that communal property rights may encourage greater “conservation effort” particularly if resource users are directly dependent on the ecological services provided by natural resources (Runge 1986; Ostrom 1990; Baland and Platteau 1997; 1998). Failures attributed to management by the state or the private sector have made collective action attractive to many policy-makers as a means of managing grazing, forests and fisheries, with many governments decentralising environmental management and promoting community-based conservation initiatives (Li 1996; Heltberg 2001; Giertsan and Barrett 2004).

However, despite the significant literature on CPRs, studies which empirically test for the effectiveness of cooperation on resource conservation are rare (de Janvry et al. 1998; McCarthy et al. 2001). We found only three empirical studies demonstrating that cooperation has a positive measurable impact on land fertility or stocking rates (Ahuja 1998; Lopez 1998; McCarthy et al. 2001) and two that indicated that cooperation had a negative effect on conservation (Stevenson 1991; Lopez 1993).

This paper seeks to add to this empirical literature by presenting an analysis based on a common grazing resource in Ireland: Irish Commonage. Irish Commonage represents an outstanding example of land held under common property embodying a system of rules and cooperative arrangements to manage extensive areas of upland grazing. Access to grazing is restricted to members of the commonage and therefore avoids the tragedy of the commons which typifies resource use under open access\(^1\). Although shareholders have distinct undivided shares they cannot exclude co-shareholders. Individual decisions
to control stock numbers do not give a farmer exclusive rights over the benefits of his/her actions and consequently many commonages have been overgrazed (Bleasdale 1995; Bleasdale and Sheehy-Skeffington 1995; Emerson and Gillmor 1999). To avoid this farmers have developed a system of cooperative arrangements to restrict individual effort (ie to restrict grazing intensity by individual shareholders) and thereby conserve the commonage grazing resource. It is important to note that the majority of studies on collective action are located in Developing Countries and a substantial number of these papers emphasise the dependency of farm households upon the services provided by CPRs which are seen as crucial in supporting rural livelihoods. Our study provides empirical evidence which serves as a reminder that CPRs in developed countries, far from being redundant, still play a vital role in managing environmental quality and sustaining rural communities despite the presence of well-defined markets, agri-environmental policies and other forms of intervention that provide a safety net for the farming community.

This study has three main aims: firstly, to determine if the cooperative management of commonage favours its conservation; secondly, to investigate whether agri-environment schemes such as the Rural Environment Protection Scheme (REPS) support conservation and/or cooperation; thirdly, to evaluate the impact of livestock premia\(^2\) on conservation and/or cooperation; and fourthly, to investigate the relationship between cooperation and shareholder dependence on commonage. Conservation and cooperation are jointly determined variables. We, therefore, adopt a simultaneous recursive bivariate probit model. This approach allows us to model cooperation and conservation as a simultaneous
equation system where the endogeneity of cooperation can be ignored in formulating the log-likelihood model (Greene 2003, p.715). We begin with the consideration that the i-th member of a given commonage signals their willingness to make an effort towards conservation and the prevention of overgrazing by allocating livestock numbers that are below the average stocking rate for that commonage. Then, we investigate the role of cooperation on commonage activities, as well as a set of other covariates, on the probability of conservation. Rather than use the term restricting individual effort, we employ the term “conservation effort” because it represents an attempt to conserve the resource by restricting grazing intensity by individual shareholders.

The paper proceeds as follows: First, some background is given on commonage. Next, a description of the survey instrument and methodological approach is provided. Then, the empirical strategy used to explore the relationship between cooperation, conservation and agricultural policy is presented and the results discussed. Final remarks and considerations are offered in the conclusions.

2. Background

Systems of communal tenure involving farming families are known to have occurred throughout Ireland in the form of territorial commons, manorial commons, and the Irish Rundale system which was developed to give small holders access to land, and to ensure that villagers complied with village laws as a means of regulating communal grazing, turbary and foreshore rights (Almquist 1979; Andrews 1987; Kelly 1997; Whelan 1997).
The boundaries of contemporary commonage were created by the Irish Land Commission which was set up by the Irish government and which formally granted grazing rights to Irish tenants with very small holdings during the period of land reform from the end of the 19th Century until the 1980s\textsuperscript{4} as a form of land distribution to ensure that none remained economically disadvantaged (Lafferty et al. 1999). Commonage is land held in common ownership on which two or more farmers have grazing rights (Lyall 2000)\textsuperscript{5}. Farm households continue to be the main stakeholders of Irish commonage, although other interest groups, particularly recreation and conservation bodies and environmental partnerships, have become more involved in the stewardship and management of commonage in recent years (Phillips and Tubridy 1994; Nugent 1995; O’ Keefe 2005; Hynes et al. 2007).

Importantly, access to a given commonage is restricted to a group of shareholders who have the legal right to exclude non-shareholders thus creating the potential to avoid the tragedy of the commons so typical of open access. Commonage can thus be thought of as a Common Property Regime (in which shareholders have the legal right to exclude non-shareholders) and not open access. Notwithstanding the right to exclude non-shareholders, difficulties remain in achieving efficient use of a resource due to rivalry between individual shareholders of a given commonage. Each shareholder within a commonage has an equal right to possession of the land held under co-ownership. Therefore no tenant has the right to exclude his/her co-tenants from possession of any part of the land or to prevent them from taking a share in the rents and profits of the land.
Use by an individual shareholder requires a decision as to how much effort to commit to appropriation of the resource as well as to the collective management and upkeep of commonage. Effort toward provision may include protecting the commonage from encroachment by non-shareholders, collective stock management and compliance with grazing and stocking rules as well as investments in commonage upkeep (hedgerow and stonewall maintenance and drainage).

Commonage as a system of land tenure is very important for Irish agriculture, conservation of the uplands, managing the environment and for sustaining rural livelihoods. There are an estimated 426,124 hectares of surviving commonage in the Republic of Ireland managed by 11,837 farms (CSO Central Statistics Office 2002). There are approximately 4,500 commons in Ireland of which 21% of all Irish farms have a share which makes it a sufficiently significant Irish phenomenon.

Commonage land also plays a crucial role in maintaining rural livelihoods in the west of Ireland. The Rundale system and the Irish Land Commission both upheld access rights to communal grazing land as part of an equitable system of land distribution in view of the marginal nature of agriculture along the western seaboard (Whelan 1997; Lafferty et al. 1999). Today, most commonage farmers continue to occupy small areas of private land, produce low incomes, utilize marginal land which has a limited range of agricultural uses (predominantly sheep or cattle/sheep enterprises) and depend on extensive areas of commonage to supplement their incomes and thereby have a keen interest in its continued use, upkeep and conservation.
Cooperation by individual shareholders towards upkeep of commonage also contributes toward a number of collective goods. These include external benefits such as improved biomass and livestock yields for other shareholders in the same commonage. The commonages cover extensive areas occasionally over several thousand hectares. In taking a decision to control stock numbers a farmer does not gain exclusive rights over the benefits of such an action. Although the farmer does benefit in the form of improved forage quality and livestock offtake from his commonage share, he also provides external benefits by improving livestock yields for other shareholders in the same commonage. Other public goods of conservation or recreational interest are provided. These include reduced soil erosion, improved water quality and enhanced levels of biodiversity and landscape and outdoor recreation opportunities.

From extensive observation and field research, we know that shareholders do (a) make a “conservation effort” to comply with a system of rules in order to restrict overgrazing and (b) cooperate in protecting commonages from encroachment by non-shareholders and in the maintenance and improvement of infrastructure (fencing, stonewalls, drainage). However, this is by no means a universal phenomenon. Although many commonages in Ireland continue to serve an important agricultural role, the nature of this function is undergoing change. Changing demographic patterns in rural Ireland, amalgamation of farm holdings, modernization of farming methods and state intervention in the form of livestock premia have led to fewer active commonage shareholders and in many instances a decline in the quality of management of commonages and the level of cooperation between shareholders. In some areas concentration of commonage control, and the
dissolution of traditional institutions have led to commonage degradation and severe overgrazing by livestock (Bleasdale 1995; Bleasdale and Sheehy-Skeffington 1995). The effects of high grazing intensities include: (i) the disappearance of heath and calcareous grasslands; (ii) reduced habitat for rare species (e.g. red Grouse); (iii) decline in grassland productivity due to replacement by less productive grasses; and (iv) the loss of peat which has increased water pollution and led to the decline in salmonid species (Bleasdale 1995). These effects have given rise to concern by the public and by policy-makers. In Ireland the solution to commonage management has placed particular emphasis on the reform of CAP payments and the complete decoupling of income support to farmers from price support and towards direct income support and the voluntary participation by shareholders through the introduction of agri-environment schemes.

Agri-environment schemes were evoked as part of the 1992 MacSharry reforms of the CAP (DAFF 1996; Emerson and Gillmor 1999). The broad objective of such reform was the continued integration of environmental goals into agricultural policy and a means of curbing agricultural production and targeting subsidies paid out to land managers more towards public goals of land management rather than private production (Lowe and Brouwer 2000; CEC 2002; Matthews 2002). These goals include the maintenance of ecological functions – water quality, biodiversity, and promotion of environmental amenities including scenic, cultural and conservation values for recreation purposes (Bromley and Hodge 1990; Hanley et al. 1998). The main scheme in Ireland is known as the Rural Environmental Protection Scheme (REPS - Regulation 2078/92) which was first introduced by the Irish government in 1994 (Emerson and Gilmour 1999; Brouwer...
and Lowe 2000). It has since been replaced by REPS 3 which is implemented under regulation 1257/99 following the Agenda 2000 CAP reforms (CEC 1998; DAFF 2004).

REPS 3 (hereafter referred to as REPS) is universally available to all Irish farmers; is voluntary; involves a comprehensive farm management plan (i.e. it is not menu-driven) mandatory training and includes a tiered system of payments based upon farm size (Emerson and Gillmor 1999; DAFF 2004). Farms in the survey area range in size but they are predominantly extensive sheep or cattle/sheep farms, provide relatively low-incomes and involve marginal lands. It is precisely these farmers that the REPS scheme is designed to target.

The specific effects of state intervention - namely livestock premia and agri-environment measures - on the steps taken by individual shareholders to a) regulate stock numbers and thereby impose a “conservation effort” in accordance with their own rules and, b) cooperate in grazing management and commonage maintenance, are not known. Empirical work on upland commonages is exclusively confined to ecological studies on overgrazing (Bleasdale 1995; Bleasdale and Sheehy-Skeffington 1995; Douglas 1995). None of these studies consider the effects of these policies directly, nor do they consider the cooperative arrangements used by farmers to manage commonages. Consequently, it is not clear whether these specific regulations threaten Irish commonages and the local institutional arrangements that have developed in order to protect them. The livestock premia schemes and REP schemes have co-evolved alongside informal local institutions which can set clear boundaries to restrict access to shareholders who jointly implement grazing management regimes. However, it is still not clear how these government measures
affect these institutional arrangements or what impact they have on the cooperation and joint management of commonage. This makes the study of commonage extremely relevant to the future of Irish agri-environment policy. In what follows, we propose an empirical framework which links commonage conservation with cooperation in the presence of livestock premia and agri-environment measures.

3. Data, Methods and variable description
This study is located in Connemara, County Galway and County Mayo. The population of what is essentially a rural community numbers approximately 283,000 (CSO 2006). The Atlantic climate of Connemara and Mayo gives rise to high levels of precipitation particularly in mountainous regions where 2,500 mm of rainfall per annum is typical (Webb and Scannell 1983). The landscape of southern Connemara is low-lying and composed of large expanses of western blanket bog. The soils of the upland grazing areas are generally of low productivity and are best suited to extensive cattle and sheep production. Very little arable farming occurs in the study areas.

In the spring and summer of 2004 a total of 282 farms were identified as operating management regimes considered typical of commonage farmland. Data were drawn from the official list of Commonage farmers (CSO, 2002). The list includes 555 households registered as commonage shareholders actively managing commonage land and using a variety of rules and cooperative arrangements to manage livestock. These farms are also in receipt of farm financial support. All the farms were asked to participate in the survey and 282 agreed to take part in the analysis, thus the response rate was 51%.
Personal interviews were undertaken by staff from NUI, Galway with the owner-operator at the owner’s property. Each interview lasted approximately 45 minutes and followed a standard format. The questionnaire was piloted for one month during February 2004 and this aided the design of the survey.

Each survey provided detailed data on revenue and cost summaries, farm premia, use of technology, labour and costs of farm operations, particularly grazing and livestock activities. The survey focused principally on market costs and benefits. Information on shareholder activities and on current and past land management practices were also documented. The range of enterprises on these farms included sheep, beef and suckler cow production. On most of the farms livestock are moved from lowland areas surrounding farmsteads to upland commonage areas. Consequently, additional information on shareholder/grazing rights, number of active shareholders and the movement of livestock was also obtained.

Property rights and the non-excludable nature of commonage are known to affect land management (Ostrom 2000b). Consequently, information on the number of active shareholders, farmer attitudes to commonage and the nature of decision-making – whether individual or cooperative management by shareholders – was also sought. Farmers were also questioned about commonage management, its degradation and their attitudes to its future use.
Table 1 reports the definition of the variables used in the empirical analysis. It refers to the term cooperation. Farmers in the study area cooperate on a variety of agronomic practices including stock management, tending of stock, measures to prevent overgrazing and on-farm investment decisions in fencing, stone walling, hedge maintenance and drainage. Using this information we develop a binary variable to identify whether the farmer cooperates or does not cooperate in the management of the commonage (1 if the household cooperates on at least one of these activities, 0 otherwise). In the sample we did not find much variation in the set activities undertaken by the farm. We, therefore, could not control for differences in the quality or typology of cooperation (see de Janvry et al. 1998). We found that 36 percent of respondents reported that they were cooperating toward the management of the commonage.

### Table 1: Variable definitions

<table>
<thead>
<tr>
<th>Variables</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Age of the decision maker</td>
</tr>
<tr>
<td>Size</td>
<td>Share of land from the commonage</td>
</tr>
<tr>
<td>Non Farm Income</td>
<td>Income from non agricultural activities, in euros.</td>
</tr>
<tr>
<td>Shareholders</td>
<td>number of shareholders actively using their shares of the commonage</td>
</tr>
<tr>
<td>Reps</td>
<td>Payment received under the REPS scheme, in euros</td>
</tr>
<tr>
<td>Premia</td>
<td>Payment received for suckler cow, beef, ewes and bulls, in euros</td>
</tr>
<tr>
<td>Labour</td>
<td>Number of hours spent on farm related activities every week</td>
</tr>
<tr>
<td>Cost</td>
<td>Total variable cost of the activity, in euros</td>
</tr>
<tr>
<td>Cooperation</td>
<td>Cooperation with other shareholders on the management of the commonage (Yes=1; No=0)</td>
</tr>
<tr>
<td>Conservation effort</td>
<td>No of livestock units per ha of land in the commonage (1 = below the sample average; 0 = above the sample average)</td>
</tr>
<tr>
<td>Private</td>
<td>Private land owned by the farmer in ha.</td>
</tr>
</tbody>
</table>
Table 1 also shows the *Conservation* variable used in this study. Clearly, finding a measure for conservation can be problematic and different metrics or measures will be appropriate for different tasks. For instance, Lopez (1997) and Ahuja (1998) develop an index for conservation in the form of biomass stock which they use to show that some communities do cooperate in managing the fertility of agricultural land in Cote d'Ivoire. Such a measure is particularly appropriate to capture the relationships between cooperation and system productivity. Extensive field research across commonages in Ireland indicates that livestock stocking rate is the single most important issue affecting upland commonages. A number of studies have repeatedly stressed the need to reduce stocking rates in commonage upland areas (CEC 1993; Bleasdale 1995; Bleasdale and Sheehy-Skeffington 1995; Douglas 1995; Emerson and Gilmour 1999). This explains why recent efforts to conserve commonages have all focused on persuading farmers to reduce animal numbers. Indeed, phenomena such as overgrazing are considered to be a threat to ecological conservation of rural areas in other parts of Europe (Simpson et al. 1998; Caraveli 2000).

The commonage farming community is well aware of the link between livestock numbers and commonage degradation and it is a crucial management variable which farmers have traditionally regulated using commonage rules. We found that about 70 percent of respondents reported that they were taking steps towards conservation.

Farmers rely on a system of cooperative arrangements to restrict individual effort. Actions by individual shareholders to restrict stock numbers represents an individual
shareholders actions to conserve the resource in accordance with local rules. We acknowledge that there are a number of other possible reasons why farmers might reduce stocking rates. These include seasonal labour shortages, increases in off farm income, farmer age, whether the farmer had an obvious heir and other demands made of the land. This said, we use the term “conservation effort” or simply “conservation” because it represents an attempt to conserve the resource by reducing grazing intensity. We use information from the sample on stocking rate to develop an index for conservation. To determine the index we calculated the sample mean stocking rate (livestock units/ha). We, then, compared the stocking rate of the \( i^{th} \) farmer to the sample mean and assigned a value of 1 if the individual stocking rate was below the sample mean and a value of zero otherwise.

Labour was measured as number of hours spent on farming activities. The cost of variable inputs was also recorded in the survey (i.e. veterinary and medicine costs, fertilizers etc.). The size (in ha) of the commonage has been included in the analysis to control for physical characteristics.

Regulatory measures, supported by the Common Agricultural Policy (CAP) are known to play an important role in supporting farm incomes and in influencing commonage management. Data were gathered on livestock premia as well as agri-environment measures such as REPS. These two instruments are very different. Premia are given on a headage basis. Thus, they can create an incentive to overgraze. REPS, instead, is a different scheme that aims to link financial support to environmental goals.
Finally all respondents were asked a series of questions on sources of household income and socioeconomic characteristics (i.e. age of the decision-maker, availability of off-farm income) in order to determine which socioeconomic variables affect decisions to cooperate in the management of commonage.

4. Econometric analysis

In the model described below, we attempt to identify the main determinants of both conservation effort and cooperation within the commonage. Moreover, we argue that there is an obvious causal relationship between cooperation and conservation. The greater the probability that an individual farmer will cooperate in the management of commonage (i.e. gathering of stock, fencing etc.), the higher the probability that an individual shareholder will take a step towards conservation. For instance, the active management of the commonage includes activities such as stock gathering. Thus, cooperation within the CPR can affect the number of livestock units per ha that are introduced on common land. The stock in turn dictates the grazing regime. Therefore, there is a need to adopt a model that can deal with such a situation. The essential feature of the model is that: (1) it is recursive thus one of the important covariates, cooperation, is likely to be jointly determined with the conservation indicator that is also a binary variable; (2) the response variable of interest, conservation is a binary variable. A recursive bivariate probit method allows us to account for these two features. Let us consider the following two equations:

\[
\text{Conservation} = f_1[\text{labour, non-farm income, intensity of input use, private land, Agricultural policy}_1(\text{REPS}), \text{Agricultural policy}_2(\text{Premia}), \text{Cooperation}];
\]

(1)
**Cooperation** = \( f_2 \) [Age, size of the commonage share, non-farm income, no. of active shareholders, Agricultural policy\(_1\) (REPS), Agricultural policy\(_2\) (Premia)] \hspace{1cm} (2)

A constant term is added in both equations. Table 2 reports the descriptive statistics. By construction, we have it that some of the variables that are predictors in the first equation are predictors for the second equation. Notably, the variable cooperation is endogenous but binary and it therefore appears on the right hand side of equation (1) only (Greene 1998). Thus the model is recursive, greatly simplifying the estimation. Given that both cooperation and conservation effort are binary variables we follow Greene (1998; 2003) and adopt a simultaneous recursive bivariate probit model.

### Table 2: Summary statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>56.82</td>
<td>13.41</td>
<td>22</td>
<td>86</td>
</tr>
<tr>
<td>Size</td>
<td>512.92</td>
<td>745.07</td>
<td>0</td>
<td>7,916.67</td>
</tr>
<tr>
<td>Non farm</td>
<td>7,489.50</td>
<td>12,234.94</td>
<td>0</td>
<td>57,000</td>
</tr>
<tr>
<td>Shareholders</td>
<td>8.76</td>
<td>11.42</td>
<td>0</td>
<td>115</td>
</tr>
<tr>
<td>REPS</td>
<td>7,621.13</td>
<td>2,887.89</td>
<td>0</td>
<td>15,000</td>
</tr>
<tr>
<td>Premia</td>
<td>96.93</td>
<td>106.40</td>
<td>0</td>
<td>648</td>
</tr>
<tr>
<td>Labor</td>
<td>37.23</td>
<td>20.45</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Cost</td>
<td>9,285.67</td>
<td>9,171.95</td>
<td>0</td>
<td>92,000</td>
</tr>
<tr>
<td>Cooperation</td>
<td>0.36</td>
<td>0.48</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Conservation</td>
<td>0.7</td>
<td>0.45</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Private Land</td>
<td>22.68</td>
<td>37.42</td>
<td>0</td>
<td>416.67</td>
</tr>
</tbody>
</table>

Greene (1998) showed that this model provides an efficient and constituent way of handling recursiveness and simultaneity when the dependent variables are binary.
Thus, we just use the cooperation variable as a predictor in equation (1) and “proceed as if there were no simultaneity problem” (Greene, 1998).

5. Results

In what follows we report on the empirical relationship between cooperation and conservation. We also discuss the role of state intervention and shareholder dependence. The two variables of interest are cooperation and conservation and these are shown in Table 3. Recall that equation (1) above refers to the dependent variable: conservation whilst equation (2) denotes the dependent variable cooperation. We first ran equations (1) and (2) separately. We found that the McKelvey and Zavoina's $R^2$ was respectively 0.3 and 0.395. Table 3 reports the results of the estimation given by the recursive bivariate probit model. To this end the correlation between the two structural disturbances $\rho$ was estimated. The value is -0.91. The Wald test identifies that we can reject the null hypothesis ($\rho=0$) at the 1% significance level. This stresses that simultaneity is present and that there are unobserved characteristics that are positively correlated with $y_1$ and negatively correlated with $y_2$. As mentioned earlier, this model allows us to understand what makes cooperation more likely and to determine the role of cooperation on commonage conservation.
Table 3: Bivariate probit model- full information likelihood estimates.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Coefficients</th>
<th>Std Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equation (1) – dependent variable: conservation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td>0.009***</td>
<td>0.0011</td>
</tr>
<tr>
<td>Non Farm Income</td>
<td>0.000025***</td>
<td>7.82 E-06</td>
</tr>
<tr>
<td>Private land</td>
<td>0.0047***</td>
<td>0.00074</td>
</tr>
<tr>
<td>Total Cost</td>
<td>-0.000037***</td>
<td>0.0000115</td>
</tr>
<tr>
<td>Reps</td>
<td>0.0000574***</td>
<td>0.000018</td>
</tr>
<tr>
<td>Premia</td>
<td>-0.0065***</td>
<td>0.00069</td>
</tr>
<tr>
<td>Cooperation</td>
<td>1.4***</td>
<td>0.07</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.2***</td>
<td>0.07</td>
</tr>
<tr>
<td>Equation (2)- dependent variable: Cooperation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.0091*</td>
<td>0.005</td>
</tr>
<tr>
<td>Size</td>
<td>0.0011***</td>
<td>0.0002</td>
</tr>
<tr>
<td>Non Farm Income</td>
<td>-0.000011***</td>
<td>8.48 E-07</td>
</tr>
<tr>
<td>Shareholders</td>
<td>-0.0072</td>
<td>0.007</td>
</tr>
<tr>
<td>Reps</td>
<td>0.00006**</td>
<td>0.00003</td>
</tr>
<tr>
<td>Premia</td>
<td>0.0018</td>
<td>0.0022</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.73</td>
<td>0.83</td>
</tr>
<tr>
<td>$\rho$</td>
<td>-0.91</td>
<td>0.03</td>
</tr>
</tbody>
</table>

N=282; Wald Test: $\rho = 0$; Chi2 (1)=56.63 Log pseudo-likelihood = -100.388;
Significance levels are denoted by one asterisk (*) at the 10 % level, two asterisks (***) at the 5 % level, three asterisks (****) at the 1 percent level.
Robust standard errors have been used.

Table 3 shows that the estimated coefficients in equation (1) are all significant at the 1% level. Cooperation is positively and significantly correlated with the probability of conservation. Thus, cooperation is a significant determinant of conservation effort. Recall that conservation represents a conservation effort by individual shareholders. Cooperation therefore encourages shareholders to make a conservation effort toward provision. Cooperation is, therefore, a very important variable in determining the “success” of the rural institution in managing the common resource.
Labor, non-farm income and the availability of private land are all positively correlated with conservation. These results are not surprising and stress the link between conservation and commonage dependence. Farmers that spend more time on farming activities are more likely to make a conservation effort. This is because they benefit from the ecological conditions of the land and are more aware of the implications of overgrazing. Farmers that have different sources of income or private land, tend to exploit common land less because they have alternative livelihoods which do not solely rely on commonage.

The estimated coefficient of the intensity of input use (captured by the total costs of inputs) is instead negatively correlated with conservation. This indicates that the intensification of activities negatively affect the probability of conservation.

Cooperation is also affected by a number of other variables. Table 3 indicates that the analysis of the estimated coefficients of equation (2) places emphasis on the role of age, size and non-farm income on the probability to cooperate in the management of commonage. Both estimated coefficients of age and non-farm income are negative and statistically significant. This implies that younger farmers are more willing to cooperate than older farmers. It also suggests that the more farmers are involved in other non-farm economic activities (such as part time employment for example) the less they want to cooperate. Table 3 also shows that the size of the commonage share is, instead, positively
correlated with cooperation suggesting that farmers with larger commonage shares are more likely to cooperate than those with smaller shares.

Cooperation, conservation and state intervention

The impact of agricultural policy on conservation is quite different according to the two types of policy instrument. Indeed, Table 3 indicates that the REPS measure is positively and significantly correlated with conservation and does reduce the probability of overgrazing. Thus the REPS enhances the actions made by individual shareholders to make a conservation effort. On the other hand, livestock premia is negatively related to conservation and has the opposite effect. In other words livestock premia reduce the actions made by individual shareholders to make a conservation effort. In the case of livestock premia, this highlights a possible “perverse” effect of agricultural policy. It would appear to create an incentive to expand the number of animals that in turn will (over) graze commonage land.

The results are of considerable interest from an agricultural policy perspective. The REPS measure positively affects the probability of cooperation indicating that farmers who have signed up to this agri-environment scheme are more likely to cooperate than those who have not. As Table 3 shows, we tested for the effects of livestock headage premia on cooperation and results were not statistically significant.

The computation of the marginal effects \( y = \Pr(\text{conservation} = 1, \text{cooperation} = 1) \) highlights the importance of cooperation compared to the other explanatory variables.
Indeed, the total marginal effect of cooperation is equal to 0.29 while the second most important impact refers to labor, age, and active. All these variables have a total marginal of 0.0022.

6. Conclusions

The model presented above provides a framework for evaluating the effects of cooperation and agricultural policy on natural resource conservation of a CPR in Ireland. Our findings lead us to conclude that far from being redundant, commonage as a system of land tenure is significant because it embodies a number of rules developed over many centuries which encourage shareholders to cooperate. Commonage acts as a mechanism which facilitates cooperation between shareholders. Our empirical findings indicate that well-managed commonage institutions are capable of delivering a number of economic outcomes which would be difficult to achieve by private actors negotiating through market-based exchanges or state actors regulating through command and control policies.

First, our analysis indicates that farmers who cooperate with other shareholders are more likely to make a “conservation effort” which reduces overgrazing. This action produces both a private and public good at a farm and watershed scale. At a farm scale the individual farmer benefits from improved forage quality and livestock offtake, and they also improve livestock yields for other shareholders in the same commonage. In this sense, cooperation moves production closer to a Pareto optimum than would the self-regarding decision by an individual farmer. These results support the findings of McCarthy et al. (1998) who report that farmers who cooperate less also have higher
stocking rates. Our findings also lend some support to Lopez (1998) and Ahuja (1998) who show that cooperation helps to conserve natural resources by restoring land fertility in Côte d’Ivoire.

Second, cooperative behaviour by farmers can contribute toward a number of collective goods of conservation and recreation interest on a broader scale. These include the maintenance of peat bogs as well as heath and calcareous grasslands all of which provide important habitats for rare species (e.g. red Grouse) and also reduce erosion thus improving water quality. Commonages cover extensive areas, occasionally over several thousand hectares, and cooperation may be the only means of managing a public good, such as a commonage watershed, at an ecologically appropriate scale (Lubell et al. 2002).

The geographical nature and scale of many of the environmental concerns in the uplands (abatement of diffuse pollution, the enhancement of biodiversity and landscape management) requires cooperation, or at the very least coordination, by multiple landowners. Agri-environment schemes such as REPS are frequently an ineffective way of delivering such benefits because the schemes are voluntary and focus on individual farms and not the watershed (Feehan et al. 2005). Whilst REPS may be effective in the delivery of certain landscape and amenity features (stone walls, hedgerows, woodlands) on individual farms, non-point pollution, broad scale habitat provision and catchment erosion cause difficulties in monitoring, due to their geographically diffuse nature. The extensive movement of many wildlife types implies that they are ill-suited to local management, such as at the farm scale. For example it is recognised from island biogeography that larger areas are more effective habitats than smaller ones (MacArthur
and Wilson 1967; van Dorp and Opdam 1987; Hodge and McNally 2000). Biodiversity often involves a range of environmental media such as land, air and water calling for a degree of integrated management across large areas.

Third, cooperative behaviour can also reduce the costs of state management because governments can decentralise environmental management by promoting farmer-based conservation initiatives. Decentralisation serves to reduce state involvement and cuts the fiscal costs of management, monitoring and inspections required under state-administered regimes. Instead, farmers take the initiative themselves to make a conservation effort and invest in provision (Li 1996; Heltberg 2001; Giertsen and Barrett 2004). This is based on the recognition that the fiscal capacity of the state to undertake coercive conservation is limited and that communities can often manage their resources better than the state through its command and control policies.

Fourth, historically commonage was developed in order to provide an equitable system of landholding (Lafferty et al. 1999). Our analysis indicates that the size of the commonage share is positively correlated with cooperation. Thus farmers who manage a large area of commonage are also more likely to cooperate with other shareholders in its management. This may suggest that farmers who are more dependent on commonage are also more likely to invest in its upkeep. This is a theme that has been well documented in the commons literature (see, for instance, Runge 1986; Ostrom 1990; Baland and Platteau 1997; 1998). Our experience of working with commonage farmers suggests that even today, commonage as a system of land tenure appears to be important in sustaining Irish
farming families, particularly on marginal land along the western seaboard. Most commonage farmers continue to occupy small areas of private land, are on low incomes, and depend on extensive areas of commonage to supplement their incomes.

The model also considered the effects of agricultural policy on cooperative behaviour and environmental management. The results are topical in the light of recent agricultural policy changes and trade negotiations since, somewhat uniquely, the study embraces two quite different types of policy on the cusp of substantial policy reform under the 2003 CAP Mid-Term Review (CEC 2002).

We show that CAP price incentives in the form of livestock premia do not affect cooperation by shareholders. However, we find that livestock premia have a negative impact on the conservation efforts of individual shareholders. This confirms concerns raised by a number of ecological studies that livestock headage allowances have encouraged excessive grazing (Bleasdale 1995; Bleasdale and Sheehy-Skeffington 1995; Emerson and Gillmor 1999; Hickie 1999; Lafferty et al. 1999). Elsewhere, studies which use subsidies to promote livestock production and rural incomes have also led to uncontrolled overgrazing (McNeely 1993; Hess and Holecheck 1995; Simpson et al. 1998; Caraveli 2000).

The impact of the agri-environment scheme - REPS - is quite different. The model reveals that farmers who have signed up to REPS are more likely to cooperate with other shareholders on a number of agronomic activities than those who have not. Thus REPS may contribute towards improved forage quality, livestock productivity and commonage
conservation by supporting cooperation. By enhancing cooperation, REPS can also contribute toward public goods of conservation or recreation interest at the broader landscape scale. This is significant, since an aim of REPS is to contribute towards the maintenance of environmental public goods which benefit the wider community (Lowe and Brouwer 2000; CEC 2002; Matthews 2002). Our findings indicate REPS has a positive impact on the management of commonage and some of the broader environmental goals which the scheme was designed to achieve. There is no direct reason why REPS should encourage cooperation since collective action is not an explicit objective of REPS. However, REPS does implicitly aim to improve farmers’ awareness, behavior and attitudes to environmental public goods through education and training (which is a requirement of REPS).

Given the substantial level of farm support and the reluctance of the agricultural sector to reduce farming intensity without some form of compensation (Hanley and Spash 1993), it is difficult to envisage a situation in which commonage is managed in the absence of state intervention. Indeed we do not advocate such an approach. Research which involves CPRs and agri-environment schemes recommends that state intervention is necessary to support collective action (Wilson and Wilson 1997; Grafton 2000; Hodge and McNally 2000; Short 2000; Giertsen and Barrett 2004; Fujiie et al. 2005). Although we are in broad agreement with this perspective, we suggest a number of steps be taken to make agricultural policy more effective in supporting cooperation and local institutions for commonage management.
First, the state and the EU should continue the process to fully decouple income support to farmers from price support (Brouwer and Lowe 2000; Buller 2000; Buller et al. 2000; Lowe and Baldock 2000; European Commission 2002; Council of the European Union 2003; European Commission 2003).

Second, agricultural agencies involved with REPS should promote its dissemination in commonage areas. Since we note that REPS farmers are more predisposed than non-REPS farmers in the management of an environmental public good such as commonage, the establishment of local forums could provide a means of galvanizing farmer support for REPS (Afcon-Report 2003).

Third, there are currently limited incentives specifically designed to encourage farmers to undertake collective planning or implementation of environmental or productive activities. Agri-environment schemes like REPS are, instead, targeted at individual farmers and not groups. Incentives should be made available to offer choices to land managers to operate either as individuals or part of a group. Policy could also avoid focusing on individual farm management plans and use forums to extend the range of participants involved in agri-environment scheme design and control (Short 2000).

Fifth, the remit of advisory services could be broadened to involve group-oriented extension activities in order to stimulate and build on the historic tradition of existing cooperative activities which has developed through commonage management. This could promote farmer involvement in agri-environment schemes and make use of local
knowledge in the management of commonage as suggested by Feehan et al. (2005) and Short (2000).

In conclusion, our empirical results serve as a reminder that CPRs which occur in developed countries can play an important role in resource conservation and in sustaining rural livelihoods. We also suggest that a tradition of local cooperative behaviour which has developed through managing commonage land can play a significant role in supporting regulation as a means of managing environmental public goods which benefit the wider community. Through cooperative approaches, problems which are difficult to solve by command and control institutions, such as non-point source pollution and enhancement of biodiversity, can be tackled (Lubell et al. 2002). This approach can also foster solutions which are more durable over the longer term and which promote self-monitored norms of cooperation and avoid costly legal and administrative compliance mechanisms (Ostrom 2000a).
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References


Endnotes

1 Common property in contrast to open access involves members of a clearly demarked group which have the legal right to exclude non-members of that group from using a resource (Lyall, 2000). Bromley (1991) suggests that common property is in essence private property for the group of co-owners and in that sense it is a group decision regarding who shall be excluded. Individuals have rights and obligations in situations of common (non-individual) property. According to Ostrom (2000b), “common property” regimes typically involve participants who are proprietors, who have the right of access, right of withdrawal (extraction), right of management and right of exclusion over a resource.

2 Premia are defined as the headage premiums payable under the sheep, suckler cow and beef premium regulations of the European Union.

3 The Rundale system involved small holders renting land in common from local landlords. Large expanses of blanket peat bog and mountain land were used jointly by village co-tenants and the system of tenure ensured that most individuals had access to some land.

4 Set up as a result of the Land Acts of the late 19th Century - 1881 and 1891.

5 The owners of the grazing rights are legally the commonage shareholders of a given commonage. In Ireland, under Common Law, land held in commonage is seen as a Tenancy in Common whereby each tenant holds a distinct, separate, and undivided share in the property although no one person owns any particular part of the property. Farmers are the legal right-holders of commonage and its use for other purposes technically requires the approval of the right-holders.

6 The majority of these farms are located in upland areas of the west of the country. Nearly half of all commonages occur in Connacht (5,379) with 2,050 in Galway and 2,416 in Mayo and in these two counties, over 75% of the farms using commonage are below 30 ha in size (CSO Central Statistics Office 2002). Commonages are normally contiguous areas of land and form distinct parcels which are typically associated with a community in a village or townland.

7 Agri-environment schemes aim to encourage farmers to adopt environmentally-friendly agronomic practices in exchange for financial compensation for environmental practices.