

## Effects EU has had on Ireland's economy | sample answer

**Q: 'Examine the impact of membership of the European Union on the Irish economy' (2013 Q7 C)**

The membership of the European Union, commencing in 1973 has had a huge effect on the Irish economy. Mostly positive, for example the difference between what Ireland had put in and what the EU paid out is 34€ billion in Ireland's favour.

EU policies that are put in place have also impacted the Irish economy.

The Common Agricultural Policy (CAP) was introduced in 1962 and has had a big impact on Irish Farming. When introduced it sought to increase agriculture productivity and ensure availability of food at a reasonable price.

Its primary goal was to intervene in the market to purchase farm output when the market price fell below a certain level; 'the intervention price'. The EU provided a guaranteed market for Irish farmers.

Irish membership of the EU increased farmers' incomes and transformed living standards. In 1973 farming employed 24% of the working population. The EU offered healthy pensions and this resulted in 2007 only 7% of the workforce are employed.

Up to 1992, CAP favoured the larger, more efficient farms of the east. This changed with major reforms of the CAP and more incentives were made to smaller farms in the border Midlands West (BMW), an effort to lessen the East-West divide.

Because of previous overproduction and surplus goods, the EU, under new reforms, agreed to abandon the price support system which meant reduced payments for Irish farmers. It was replaced with direct payments if price fell below a certain level. In 1995 the EU introduced rural development aid with the aim of diversifying farm incomes and making Irish and EU farmers more competitive.

This resulted in 2003/04 the EU 'decoupled' subsidies from production and instead single farm payments were made. Irish farming also benefited from EU structural funding.

Structural funding was introduced to help construction development. In farming, these funds result in farm improvements which led to increased output and more environmentally friendly ways of farming.

Over 50,000 Irish farmers have also benefited from the Rural Environmental Protection Scheme (REPS).

Before its introduction, chemical fertilisers resulted in water pollution and mountain sides were often overgrazed.

Traditional and older farm buildings have been replaced with modern structures, under the scheme farmers have been paid to protect the landscape. This scheme helps to reduce overproduction, and the harmful effects of intense farming.

Irish farmers are over-reliant on EU subsidies, so much so, that they are vulnerable to any planned changes in EU policy. Current talks have indicated that single farm payments will be based on the acreage of the farm and therefore farms in the BMW will suffer.

The eastern expansion of the EU has serious implications for Ireland. New members are very reliant on primary activities, many coming from 'EU convergent' regions.

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They will need funding by the CAP to develop and therefor there will be less money for ireland.