

# The Stable Farm Income Distribution in Ireland

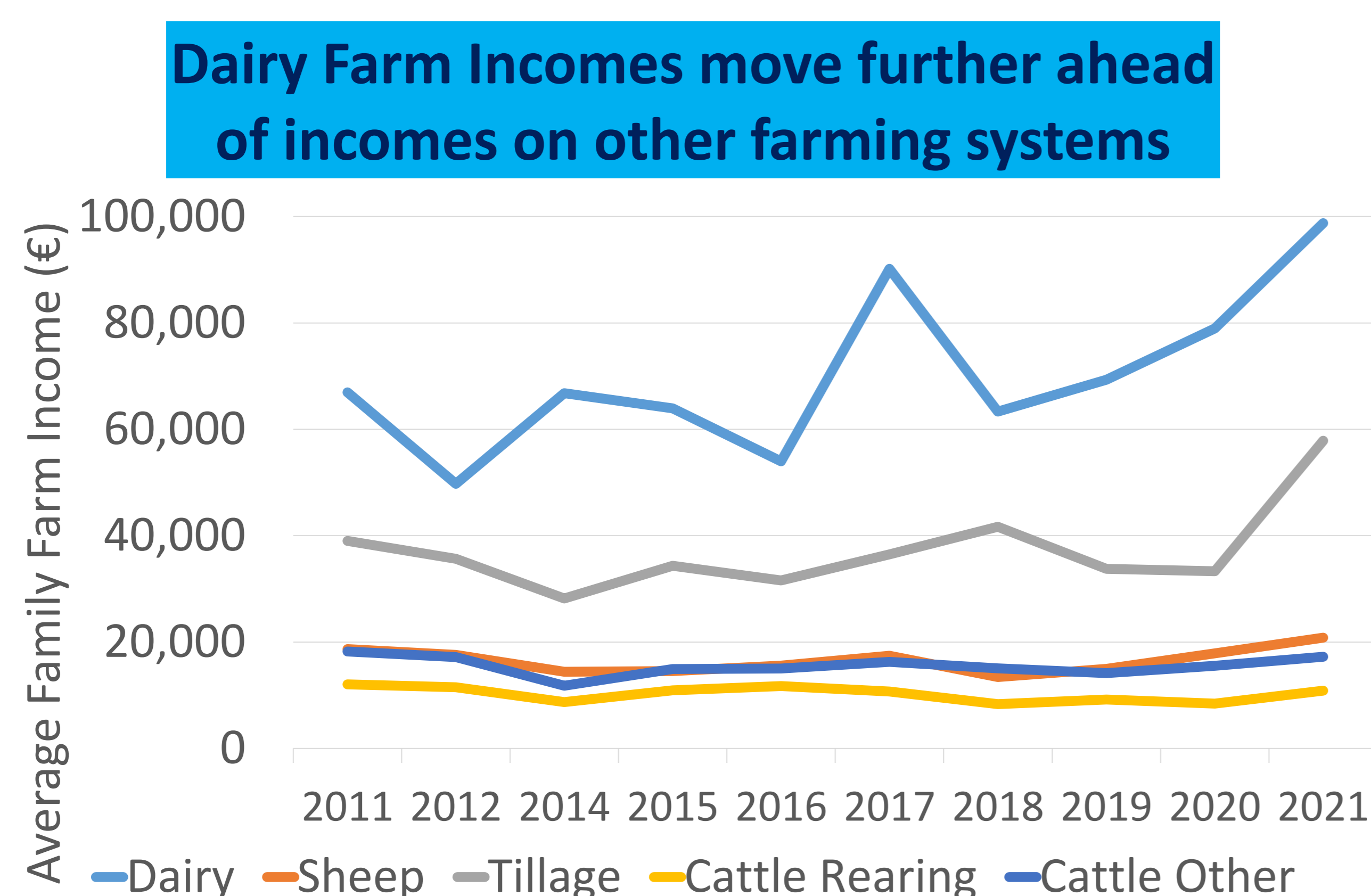
Jason Loughrey<sup>1</sup>

1 Agricultural Economics and Farm Survey Department,  
Teagasc Rural Economy and Development Programme, Athenry, Co. Galway, Ireland.  
Email: jason.loughrey@teagasc.ie

## 1. Introduction

In the aftermath of milk quota abolition in 2015, dairy farm incomes have increased significantly with some contrasting trends for other farming systems. This research explores the overall changes in farm income inequality in Ireland since 2010 and draws on previous research on farm income inequality since EU accession in 1973.

## 2. Recent Farm Income Trends



Source: Teagasc National Farm Survey 2011-2021

## 3. Methods

Gini Coefficient using weighted data (Creedy 2015)

$$G_g = \frac{\sum_{i=1}^n w_i \sum_{j=1}^n w_j |y_i - y_j|}{2 \sum_{i=1}^n w_i \sum_{i=1}^n w_i y_i}$$

Sample weights are represented by  $w_i$  and  $w_j$ .  
Family farm incomes are represented by  $y_i$  and  $y_j$ .  
 $n$  represents sample size

The Gini is a standard measure of income inequality and ranges in value from zero to one. A value of zero would indicate complete equality of farm incomes.

## 4. References

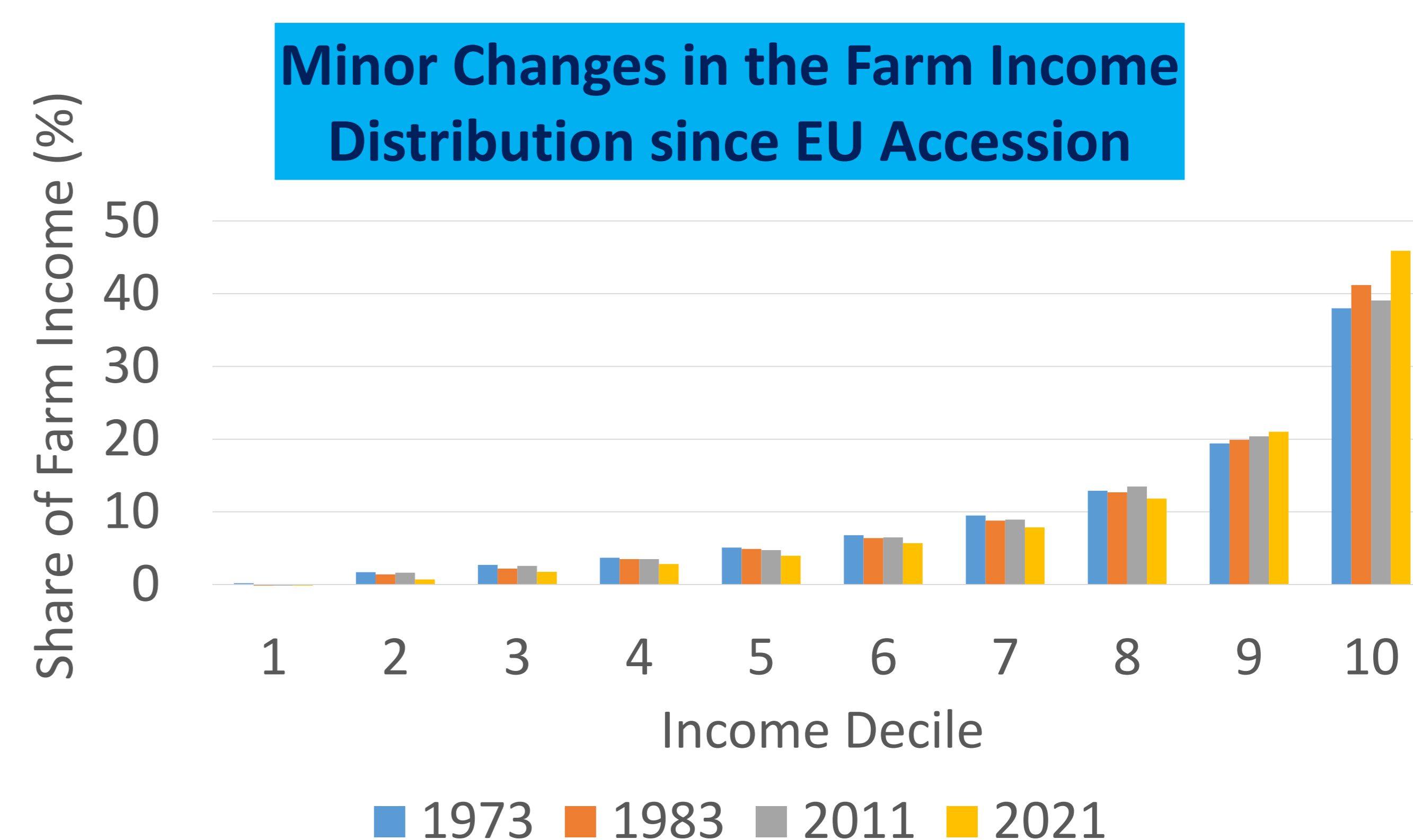
- Higgins, J. (1986). The distribution of income on Irish farms. *Irish journal of agricultural economics and rural sociology*, 73-91.
- Keeney, M. (2000). The distributional impact of direct payments on Irish farm incomes. *Journal of agricultural economics*, 51(2), 252-265.
- Creedy, J. (2015) A Note on Computing the Gini Inequality Measure with Weighted Data. Working Papers in Public Finance vol. 03. Victoria Business School. Victoria University of Wellington, New Zealand

## 5. Results

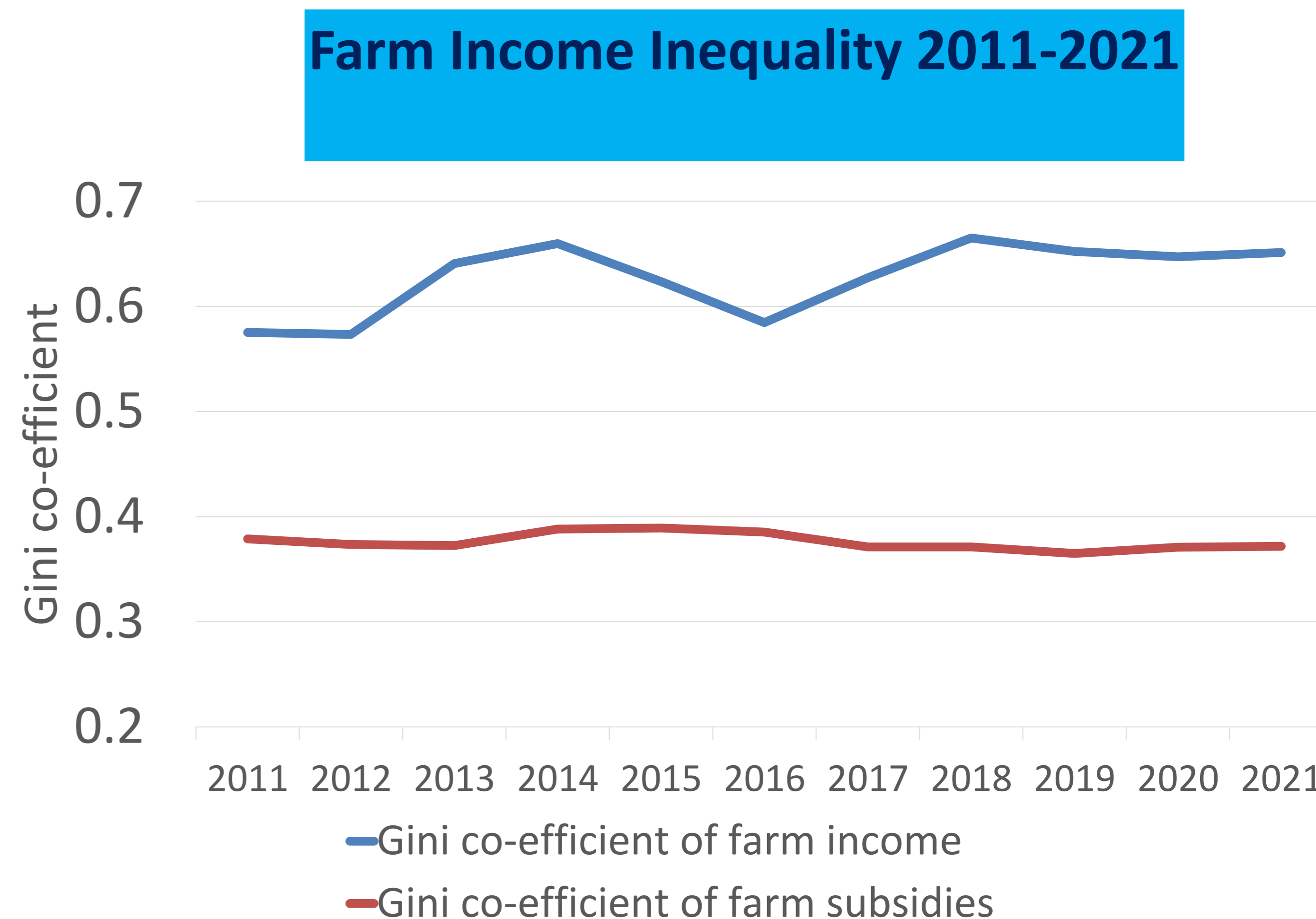
The share of farm income in each decile in 2021 is quite similar in comparison to 1973 i.e. the time of EU accession.

The average real family farm income has increased by 72% (corrected for CPI inflation) since EU accession.

There appears to be an increase for the top ten per cent of the distribution between 2011 and 2021 with small declines in the middle of the distribution.



Source: Teagasc NFS 2011 and 2021 and Higgins (1986) using Teagasc NFS data 1973 and 1983



## 6. Conclusions

- Relative Farm Income Inequality appears stable based on the Gini co-efficient.
- From 2011 to 2021, the top decile appears to gain with small declines in the middle of the distribution
- Further research can explore alternative indicators to better assess changes in the farm income inequality in Ireland e.g. absolute Gini coefficient.