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Commentary

Ireland's financial crisis and its influence on alcohol and drug issues

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Ireland's financial crisis

For almost forty years following political independence in 1922, successive governments of what became the Republic of Ireland pursued policies of isolationism and economic self-sufficiency, with disastrous consequences for the new state: these were decades of high unemployment, low disposable incomes and quite extraordinary rates of emigration. It was not until the 1960s that the state committed itself to industrial development, based mainly on foreign direct investment, and this new willingness to see Ireland taking its place in an international economy culminated in the country's accession to the then European Economic Community (EEC) in 1973 (Lee, 1989). Membership of the EEC/EU did not bring instant prosperity, however, and it was not until the early-1990s that Ireland had its first experience of rapid economic growth which – borrowing from popular descriptions of successful Asian economies – came to be known as the 'Celtic Tiger' (O'Hearn, 1998).

It is clear, at least in retrospect, that during the first phase of the Celtic Tiger, between 1994 and 2004, Ireland enjoyed real economic growth based on the country's capacity to attract high-tech industry, especially in the pharmaceuticals and information technology areas; this economic growth was marked by budgetary surpluses, low unemployment and low debt to GDP ratio. It is equally clear, however, that a second phase of the Celtic Tiger, between 2004 and 2008, was based almost entirely on property speculation so that when in 2008 this property 'bubble' burst, the Irish banking system – which had borrowed heavily from European financial markets – came close to collapse and would have done so had not the Irish government guaranteed all of its debts (O'Donovan & Murphy, 2013). Two years later, at the end of 2010, the Irish government was obliged to accept a financial 'bailout' from the Troika (a grouping made up of the European Commission, the European Central Bank and the International Monetary Fund), effectively ending the country's economic sovereignty and ushering in an extended period of austerity, marked by the introduction of new taxes, increases in existing taxes, pay reductions, and dramatic cuts in public sector spending. In short, between 2008 and 2010, Ireland had suffered an ignominious transition from being a Celtic Tiger to being one of the PIGS – a reference to those European countries (Portugal, Ireland, Greece and Spain) which were incapable of managing their sovereign debt.

Although Ireland was able to leave this bailout at the end of 2013 and has shown impressive signs of economic recovery (Central Statistics Office, 2014), substantial national debts still remain, and at the end of 2015 – seven years on – the sense

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of financial crisis remains a potent factor within Irish political life.

The Irish financial crisis and alcohol issues

Public policy during the Celtic Tiger period in Ireland had been dominated by the neo-liberal ethos, with all that this implies by way of 'light touch' regulation of industry and the promotion of consumerism. A *National Alcohol Policy* (Department of Health, 1996) document based upon public health principles had been published during the early part of this period, but its recommendations for greater alcohol controls – particularly in relation to pricing and availability at retail level – were ignored by government. Instead, alcohol control measures were relaxed during the late-1990s and this, in combination with unprecedented increases in disposable incomes, contributed in 2001 to Irish alcohol consumption reaching the highest level ever recorded (14.3 litres per adult) (Department of Health and Children, 2004). Increases in consumption, accompanied by increases in the prevalence of a range of alcohol-related health and social problems, were briefly tempered by tax increases on alcohol in 2003 (Hope, 2014) but, despite almost constant public debate on the topic, public policy on alcohol for the remainder of this first decade of the new millennium was more reflective of neo-liberal than of public health preoccupations (Hope and Butler, 2010).

On the whole, no consistent influences of the financial crisis on Irish alcohol issues can be identified. While disposable income dropped during this period, alcohol consumption proved to be more responsive to tax changes than to the recession per se. For instance: Budget 2009 (announced in December 2008) increased tax on alcohol, resulting in a drop in consumption; Budget 2010 decreased tax and consumption increased; Budget 2013 increased tax and, again, consumption decreased. Prior to the crash of 2008, a shift in the pattern of alcohol purchasing, from pub or 'on-premise' to supermarket or 'off-licence' purchasing had already emerged; this was a shift which had been facilitated by the introduction in the year 2000 of more liberal licensing regulations (Hope, 2014). What this meant in practice was that the number of pubs declined while, between 2002 and 2009, the number of off-licence retail outlets doubled (Revenue Commissioners Annual Reports). One key influence on the expansion of the off-licence sector was the abolition in 2006 of the Groceries Order. This meant that, for the first time, Irish retailers could now sell alcohol at below-cost price; and supermarkets in particular, were quick to seize the advantage of using very cheap alcohol as a loss leader which would increase 'footfall', thereby increasing their customer bases (Department of Health, 2012). An added distortion and burden to the state was that retailers selling below cost were entitled to a VAT refund on the difference between the cost price and below cost price (Mongan, 2012). This availability of cheap alcohol facilitated by the abolition of the Groceries Order undoubtedly contributed to the fact that Irish alcohol consumption continued to remain high throughout the worst years of the financial crisis.

Epidemiological data on Irish alcohol consumption during the recession generally indicate that problematic styles of consumption have remained unaltered during these years, with hazardous drinking patterns continuing to dominate. For instance, the most recent national alcohol survey (Long & Mongan, 2014) reported that over half of adult consumers were hazardous drinkers, similar to rates identified prior to the recession (Morgan et al., 2009).

From a public health perspective, the most promising alcohol policy initiative of this period was the announcement in 2009 that alcohol would be integrated into Ireland's existing National Drugs Strategy, a strategy which up to this time had dealt solely with illicit drugs. Had this initiative been acted upon swiftly and decisively, it would have resulted in alcohol being seen in a public health sense as 'no ordinary commodity' and being managed accordingly in the context of permanent, 'cross-cutting' policy structures (Butler, 2015). Paradoxically, this announcement that alcohol and illicit drugs would be managed within an integrated policy regime coincided with the dismantling of 'cross-cutting' structures which had long been part of the National Drugs Strategy. Following the publication of the report of a *Steering Group on a National Substance Misuse Strategy* (Department of Health, 2012), a committee which had been tasked with working out the detail of how alcohol and illicit drug strategies might be integrated, the Irish government committed itself to the enactment of a Public Health (Alcohol) Bill, which amongst other things would include the introduction of minimum unit pricing (MUP). As previously noted, Irish alcohol consumption had not dropped as much as might have been expected during these years of reduced disposable income, but MUP appeared to offer a real prospect for counterbalancing the effect of below-cost alcohol sales. However, progress in implementing this initiative has been slow and it now appears unlikely that the Public Health (Alcohol) Bill will be enacted before the General Election which is to take place in early-2016. Political decision makers in Ireland, as elsewhere, are lobbied strongly by the drinks industry and appear reluctant to impose tough alcohol controls on this industry – particularly in light of governmental concerns to attract multinational industrial investors to Ireland on the basis that it is 'the best little country in the world to do business in' (Butler, 2015).

The Irish financial crisis and illicit drug problems

Irish concerns with illicit drug problems date from the late-1960s, and the primary anti-drug legislation, the Misuse of Drugs Act, was enacted in 1977 (Butler, 2002). It was not until the early-1980s, however, that this country had its first experience of injecting heroin use; this was followed almost immediately by the advent of HIV/AIDS, prompting health authorities to introduce harm reduction measures (such as indefinite methadone maintenance and needle and syringe exchange schemes) which would previously have seemed unconscionable (Butler & Mayock, 2005).

Although epidemiological data had consistently indicated that the more risky forms of drug use, such as injecting heroin use, were concentrated in urban areas characterized by multiple forms of socio-economic deprivation, it was not until 1996 that government officially accepted this evidence. In that year, the *First Report of the Ministerial Task Force on Measures* *to Reduce the Demand for Drugs* (commonly referred to as the Rabbitte Report since this Task Force was chaired by a minister named Pat Rabbitte) introduced quite profound change into the Irish drug policy scene. The first, and perhaps the most significant, change was that it drew explicitly on the epidemiology to support its view that serious drug problems were not randomly distributed in the Irish population and that treatment and prevention resources should be targeted at urban areas identified as having both a high prevalence of problem drug use and a high prevalence of other social problems. The structures to be created in these neighbourhoods were referred to as Local Drugs Task Forces, which would incorporate top-down activities of governmental bodies and bottom-up activities of community and voluntary bodies. The second change introduced by Rabbitte was the creation of formal drug policy making structures, ranging from these Local Drugs Task Forces up to and including a Cabinet sub-committee and with a major emphasis on multi-sectoral, 'cross-cutting' or 'joined-up' responses to the complexity of drug problems (Butler, 2007). There is no definitive explanation as to why these radical drug initiatives were introduced at this time, but it may plausibly be argued that they owe much to the recently-arrived Celtic Tiger: government took this initiative because, for the first time ever, it could afford to do so.

If we look at the impact of the financial crisis on the illicit drug scene in Ireland, it is – just as it was with alcohol – quite difficult to identify specific influences resulting from the downturn in the economy. Epidemiological research conducted on an ongoing basis by the Health Research Board generally indicates that while heroin use is still commonplace, a majority of those who present for treatment report problem use of more than one substance – and these 'polydrug' users report use of illicit substances, alcohol and prescription medicines such as benzodiazepines (Bellerose, Carew & Lyons, 2011). Another research stream from the Health Research Board provides ongoing data on drug-related deaths and deaths among drug users, with much of the mortality being due to poisoning (Health Research Board, 2014). It should be noted that the epidemiological research does not, to date at least, indicate that any causal links have been found between the economic downturn and the prevalence of problem drug use. If, as would be generally accepted, socioeconomic deprivation is one significant contributory factor to problem drug use, then it is scarcely to be expected that the recession would be associated with a reduced prevalence of such drug use.

Where Ireland's recession has obviously made itself felt on the drug scene is in the reductions in state funding which have occurred since 2008. The CityWide group which operates in Dublin as a support and umbrella body for a range of community-based drug projects estimated that between 2008 and 2012 such local projects had experienced a 29% reduction in governmental funding for their activities. Perhaps even more significantly, CityWide commented on how the National Drugs Strategy set in place following the Rabbitte report had been effectively dismantled from 2009 onwards, so that many of the established 'cross-cutting' structures which fostered partnerships no longer exist (CityWide, 2012). It is difficult to say to what extent this dismantling of the Rabbitte structures is directly attributable to the recession as opposed to civil service preference for more traditional 'silo' forms of governance. Is it just a coincidence that the creation of forms of drug problem governance that incorporated community activists from deprived urban areas occurred during the Celtic Tiger and that the abolition of such structures occurred during the downturn? It remains to be seen whether as the economy recovers there will be a return to partnership and to 'cross-cutting' management.

A final word

Although the banking crisis and its disastrous knock-on effects on the economy are in large part attributable to the 'light-touch' approach to regulation followed by successive governments, neo-liberal values continue to dominate within Irish governmental circles and there is little indication of willingness to implement alcohol control policies which would challenge the neo-liberal ethos. Both overall consumption rates and patterns of consumption have remained problematically high during the recessionary years, and it remains to be seen whether the long-promised Public Health (Alcohol) Bill will be enacted during the life of the present government. Similarly, Ireland's experience of financial crisis has had no discernible impact on levels and patterns of illicit drug use; and other than the funding cuts experienced by drug treatment and rehabilitation services (which are broadly in line with other public sector spending cuts), public policy approaches to management of problems associated with such drug use have not altered significantly during these recessionary times.

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