

# Irish government prepares airport and transport privatisation

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Ireland's state-owned airport company, Aer Rianta, is to be broken up and eventually privatised.

The scheme threatens many workers' jobs, will disadvantage the rural south and west of the island, and comes at a time of growing opposition to the planned privatisation of the state-owned bus and rail services.

Under a long-mooted and hotly contested plan, Dublin, along with Shannon and Cork airports, will be set up as independent companies as a prelude to privatisation. Proposed in 1999, privatisation plans were delayed in 2000 when the Fianna Fail/Progressive Democrat government decided to hold off until after the 2002 elections, as too many Fianna Fail seats including those of government ministers would be threatened by widespread opposition to the breakup.

Aer Rianta is profitable in its current form, and the primary reason for the change is to reassure investors hoping to pour money into Dublin airport that none of their capital will be diverted to the smaller and potentially far less lucrative airports at Cork and Shannon, near Limerick. Dublin, population around 1.2 million, is by far Ireland's largest city and is still something of a boom town with the population expected to expand to around 2 million by 2011.

Irish corporate investors have long lobbied for the right to build a new terminal at Dublin. Aer Rianta had planned to build a new low-cost terminal there in addition to a new terminal at Cork. Staking their own claims for the terminal are representatives of the new Irish aviation industry, Michael O'Leary of Ryanair and brothers Ulick and Des McEvaddy of Omega Aviation Services.

Ryanair is probably the largest and fastest expanding of the new generation of discount airlines that are coming to dominate the internal European short-haul flight market. Ryanair's success has been based on low

wages for pilots and cabin crew, use of elderly Boeing 737s, minimal onboard services and the low landing charges levied at the outlying airports and ex-military bases it habitually uses.

This April, while air ticket sales in general were reduced because of the war against Iraq, Ryanair increased its sales by 34 percent. By contrast, "full-service" rival British Airways lost 2 percent of its passengers.

O'Leary has a relatively high public profile and presents himself as a friend of the travelling public, as opposed to his bureaucratic rivals such as Aer Rianta, with whom he has had several legal battles over landing charges and over the new Dublin terminal. Ryanair wants to operate the new terminal itself.

The McEvaddy brothers are equally prominent, having won a legal battle against a new European Union (EU) noise abatement directive in 1998. Because of public pressure, particularly from those living near noisy airports, EU law had been amended to insist that older and noisier jet aircraft were fitted with "hushkits" to mute noise levels on landing and takeoff. EU transport ministers had apparently agreed on a common position to that effect. Lobbying by the McEvaddy brothers, with the assistance of Irish politicians from both coalition parties and right-wing opposition Fine Gael, led to the legislation being put on hold with the likelihood of it being scrapped. This both served the McEvaddys' immediate interests—Omega Aviation rents out a fleet of noisy Boeing 707s, some of which date back to the 1950s—and helped a number of US-based operators to the EU who were also still flying older aircraft.

In 1999, the *Sunday Tribune* claimed that the Progressive Democrat leader and Irish deputy prime minister (the Tánaiste) Mary Harney stayed at Ulick

McEvaddy's villa in France around the time of the EU noise abatement battle, as well as participated in the EU Council of Ministers meeting that discussed the noise regulations.

The 450 million-euro McEvaddy proposal for Dublin's Terminal Two envisages transforming the airport into a rival of the huge airports at Paris, Amsterdam and London, all of which are overcrowded and unable to easily expand. The McEvaddys have already bought the neighbouring land and would expect to be able to proceed relatively easily in Dublin.

The McEvaddy brothers have also recently expanded into a new line, using converted versions of their ancient 707s, DC-9s and DC-10s as contracted tankers to refuel US military planes in midflight. Given the relations between the Irish government and the McEvaddys, this tears holes in the absurd pretence of Irish neutrality. US military transports also used Shannon airport during the attack on Iraq, causing much public anger.

Whichever scheme is successful, the impact will be felt by workers at Shannon and Cork—some of whose jobs will be threatened—along with workers at Dublin who will face the increased levels of exploitation associated with privatisation. News of the final decision to break up Aer Rianta prompted emergency meetings of workers at the three airports. Most of the workers are members of the Services, Industrial, Professional and Technical Union (SIPTU), the main public service union. SIPTU has opposed the breakup, describing it as “institutional vandalism,” and faced with considerable anger amongst its members, initially considered a ballot for industrial action.

Immediately the emergency meetings were over, however, SIPTU abandoned moves to a ballot and instead floated a 10-point plan through which SIPTU could work with the Aer Rianta breakup and promote the union bureaucracy as a working partner for whichever new owners finally emerged in the airports, particularly Dublin. SIPTU vice-president Jack O'Connor apologised for industrial action taken by airport workers, noting that “it could have been a lot worse had the reaction to the minister's abrupt decision not been handled as well as it was.”

Further light on SIPTU's aspirations was shed when the *Irish Independent* reported that the McEvaddy brothers, with government approval, had proposed a

new scheme with themselves and Aer Rianta jointly running Dublin's new terminal. The McEvaddys suggested that the unions might want a shareholding in the new venture.

Pressure on the Irish government to come to an accommodation with SIPTU over Aer Rianta reflects tensions between the government and the Irish Congress of Trade Unions (ICTU) on the latest of a succession of partnerships between Irish business, the government and the trade unions to ensure the continued profitability of business in Ireland and industrial peace.

Entitled “Sustaining Progress,” the agreement concluded in February sets out to maintain a low tax policy designed to defend Irish competitiveness in conditions of growing world recession, an investment drought and currency instability. It allows inflation-level pay rises to private and public sector workers only to be conceded if “modernisation”—a euphemism for job losses and privatisation—is agreed to.

Faced with a public health doctors' strike and opposition to health cuts and transport privatisation, the government has attacked the trade unions for not adequately disciplining their members. In May, Finance Minister Charlie McCreevy denounced the trade unions for failing to curb strikes and complained that they were in breach of “Sustaining Progress.”

New talks intended to salvage “Sustaining Progress” have been triggered by workers' hostility to both the Aer Rianta breakup and the moves to impose 25 percent competition on Dublin's bus routes, along with splitting the Irish transport authority Córas Iompair Éireann (CIE), with responsibility for bus and rail transport into stand-alone bodies. Both moves are seen as preparation for privatisation, despite continual government protests to the contrary. On July 18, Dublin bus workers offered free travel to the public in a “no fares” day protest against the government's plans.



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