Asian crisis blasts through Scotland's "Silicon Glen"

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The global financial crisis that began last year in South East Asia has cost thousands of Scottish workers their jobs and threatens thousands more.

The crisis has thrown Scotland's inward investment policies into disarray. In the last few months several major electronics and computer factories have laid off workers, closed entirely, or their construction has been abandoned before completion.

Laden with debt and close to bankruptcy, the Korean company Hyundai took the decision to mothball its Halbeath plant near Dunfermline. The Hyundai plant was intended to supply silicon chips primarily for the European market. The £2.2 billion foreign direct investment project was the single largest in world history. The plant, based on locally supplied cheap labour, promised great profits for swathes of smaller companies, such as supermarkets, estate agents, builders, as well as handsome payments for the investment agencies that attracted the deal in the first place.

Hyundai was offered tax breaks to the tune of £86,000 for each of the 2,000 jobs they proposed to create. Some £300 million was spent by private capitalists and local authorities on infrastructure improvements to benefit the corporation, at the expense of social services in the area.

Initially suspended for four months, further development of the site has now been halted indefinitely, despite months of assurances by the Labour government that the plant would be safe. When the suspension was first announced, 'Locate In Scotland', the investment agency responsible for selling Scotland on the world market, rushed to reassure its supporters that the Asian crisis was a temporary hiccup in the smooth flow of investment capital. But since March, Mistubishi, Lite On, Fullarton Electronics, Compaq and Motorola have all announced closures and major cuts in their work forces.

Mitsubishi's decision to close its plant at Haddington, a small village near Edinburgh, threw 500 workers onto the dole queues after only 90 days notice. The company blamed the closure on a worldwide drop in the price of colour televisions due to market saturation. Forty percent of the workers live in Haddington. Many will not find other jobs in the area and face relocation after having worked many years at the long-established plant. A Mitsubishi spokesman announced that television manufacturing was being transferred to plants in Turkey where wages are dramatically lower than the already low wages paid in Scotland.

On the same day as the Mistsubishi announcement, Fullarton Computer Industries closed their Gourock factory with the loss of 350 jobs.

On May 14, the Taiwanese firm Lite On announced the immediate sacking of two-thirds of its work force less than one year after the plant opened. Lite On had received £2.7 million in handouts from Lanarkshire Development Agency. Two hundred thirty of three hundred fifty workers lost their jobs, and two of three production lines were shut down. Workers at the plant heard of the closure through the local media and walked out, refusing to complete their final shift. Many had only been employed at the plant for a few weeks. Lite On blamed the sackings on the sale of rival Korean televisions being offered at 'drastically reduced prices' because of the Korean currency collapse.

Since then, computer giant Compaq has announced that 500 jobs would go before the end of the year following its merger with rival Digital. Motorola, which employs 3,000 workers in Scotland, has also warned of its desire to reduce staffing following a fall in profits.

Recently the engineering and electricians union the AEEU, announced that it would be 'targeting electronics plants across Scotland in a major recruitment campaign,' and had recruited 13 officials to this end. An AEEU press release issued on June 19 quoted AEEU Scottish Regional Secretary Danny Carrigan's pledge that the union would uphold the interests of the employers. 'We are not about strikes as a way of settling differences. The AEEU wants to work in partnership with the electronics companies. We want them to be successful and profitable and share in their success,' he insisted. Nevertheless when the union tried to recruit workers at the Chungwa Picture Tubes plant in Lanarkshire, adjacent to the Lite On plant, the company called the police against AEEU officers and demanded that recruitment leaflets be destroyed.

The Scotsman newspaper asked if the 'sun was sinking on Silicon Glen'--as the electronics industry in Scotland is known. Scotland produces 35 percent of the personal computers manufactured in Europe. Presently 600 companies producing goods from televisions, to state-of-the-art PCs and microchips dominate industry in the Scottish Central Belt. They employ 70,000 workers, are almost universally overseas owned, and represent hundreds of billions of pounds worth of capital, with an annual turnover of over £15 billion.

In reassuring tones, *The Scotsman* told its readers, 'The sector is simply too big, too diverse, and too long established for any sort of comprehensive collapse.' But in the face of global undercutting and a threatened world slump, it is entirely possible that entire industries could be wiped out. Silicon Glen can only survive through competing even more ruthlessly for inward investment. This means a new assault on workers' living standards, bringing with it the likelihood of opposition developing amongst the predominantly young work force in the investment parks.

See Also:
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