

Scottish telecom factory closure leaves workers penniless

Steve James
7 January 1999

Two hundred thirty-seven workers at the failed Telecom Manufacturing Corporation factory in Airdrie, east of Glasgow, have been sacked and robbed of up to one month's wages.

Workers' first clue that their employer was in trouble was when weekly paid workers tried to draw their Christmas wages out of their bank accounts. The company had not paid them. Neither had it paid 100 monthly pay cheques due for December 30. Many workers were faced with a near penniless Christmas and New Year.

One young worker, due £326 and hoping to buy Christmas presents for her child, was told by a bank clerk that 50 TML workers with accounts at the same branch had all lost wages. Her mother was also a TML worker of 19 years standing. She applied to the Department of Social Security for a crisis loan and was offered £32.48, repayable with interest. She was not even entitled to basic income support because the company has not issued redundancy notices.

Another worker, who had loaded a supermarket trolley with presents, endured the humiliation of replacing her family's presents on the shelves when her card would not release cash.

Officials of the AEEU and government minister and local MP, Helen Liddell, are calling for an inquiry by the Department of Trade and Industry into why an apparently profitable company collapsed. Liddell voiced concerns that the company, which had been sold in 1997 to its present buyers, the Liechtenstein-based Dubelle Foundation, had been "asset stripped".

While TML's immediate ownership is mysterious, Liechtenstein is a notorious haven for tax avoidance. The wider background to the closure is the global overproduction and subsequent rationalisation of the telecom industry and the turn to small-time contractors

for components and non-core assembly.

The closure comes after a series of company failures and rationalisations in the electronics industry on which Britain, particularly Scotland, is heavily dependent. Ferocious competition and overproduction in the global electronics industry has in recent months closed the Viasystems, Seagate and National Semiconductor plants in Scotland. Fujitsu and Samsung have also closed massive plants in other British regions. This has exposed the vulnerability of the British economy to world conditions. In Scotland there has been considerable alarm that the billions of pounds invested in the so-called "Silicon Glen" electronics sector might be under threat.

The Airdrie TML plant was part of the giant Dutch-owned Philips group until 1995, when it was taken over by a management buyout. Philips, which in 1997 turned over the equivalent of \$39,207,000,000 world-wide, and employs 256,400 workers in 40 countries, is eighth on the Fortune list of the world's top 30 electronics companies. The company produces consumer electronics, domestic appliances, security systems, semiconductors, lighting, monitors, shavers and color picture tubes. It also has until now bought much of TML's production of telephones. The rest of TML's wares have gone to another transnational corporation, the Canadian-based Mitel, which employs 6,300 world-wide.

In 1997 TML was sold out of receivership to Dubelle and since then has produced £10 million worth of telephones that have been delivered to its Manchester-based sister company, Telecom Sciences, also owned by Dubelle, who sent the goods on to Philips and Mitel.

To add to the financial miasma, Telecom Science owed TML £5 million, the lack of which triggered the company's collapse when it could not pay a VAT tax

bill of £750,000. The AEEU trade union and the company liquidators--Cork Gully--were further concerned that no assets would be available to compensate the sacked workers because the property in which TML was based was not owned by them, but by yet another DuBelle subsidiary.

Pat Devine, speaking for the AEEU, explained to the *World Socialist Web Site* that in addition to calling for the government inquiry the union intended to press for the legal recovery of the lost wages. Devine was confident that under the Insolvency Act outstanding wages would eventually be paid, but that this might take as long as two months. Minimum redundancy payments would also eventually be paid by the same means, although this would be much less than TML's own scheme. The AEEU has called a meeting for this Friday at which welfare advisers will be on hand to tell workers what state benefits they would receive and how to claim them.

See Also:

Rationalisations in high-tech - More job losses in Scotland's Silicon Glen

[13 October 1998]

Blair tells workers that Labour is unable to stop UK job losses

[18 September 1998]

Growing levels of poverty in Scotland

[4 March 1998]



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact