

Closure of Johnnie Walker plants in Scotland will eliminate hundreds of jobs

Stephen Alexander
18 July 2009

One of the world's largest manufacturer of drinks, Diageo, announced July 1 the closure of the Johnnie Walker whisky bottling plant in Kilmarnock and distillery at Port Dundas, Glasgow in Scotland.

The closures, which will take place over the next two years, will result in the loss of 700 jobs in Kilmarnock and 140 jobs in Glasgow. A further 30 jobs will be cut at the Shieldhall packaging plant in Glasgow. Sixty-four workers at Diageo's distribution base in Hurlford, just outside Kilmarnock, are to be transferred to another company with a likely loss of pension rights.

Diageo predicts a net loss of approximately 500 jobs, with the cuts in Kilmarnock and Glasgow offset by the creation of 400 jobs via an £86 million expansion of their plant in Leven, Fife. Some workers in the plants facing closure may be offered posts at the new plant, at the cost of uprooting their lives.

The closure of the Kilmarnock plant will have a devastating effect on the town, causing many more job losses as small companies, shops and service industries face collapsing revenues. Over £17 million a year worth of wages will be removed from the local economy. Kilmarnock, population 50,000, is a former industrial town with a long history of heavy engineering and textile manufacturing. Johnnie Walker's whisky has been associated with the town since 1820. The bottling plant is now the last major manufacturing employer. East Ayrshire already has the fourth highest unemployment rate in Scotland, at 5.7 percent. The Walker's closure alone will propel that figure to 6.9 percent.

The *World Socialist Web Site* spoke to David, an employee of the bottling plant, who said of the closures, "It's going to kill this town off. It's the last major factory in Kilmarnock. All that's going to be left is shops and the town is going to slowly die a death. It's all about money. They want to cut down their costs. It's not as if the plant

doesn't make money. It's making plenty money. It's just that they want to make more money."

The closures are part of a wider restructuring programme currently being implemented by Diageo throughout the UK and Ireland. Diageo Ireland has recently scaled back plans to expand Guinness production in Northern Ireland, from its historic base in Dublin. The company announced in June that 107 jobs would be cut over the next few months across Northern Ireland and the Irish republic in response to a drop in global beer sales.

Further restructuring is to take place in London, where the movement and consolidation of the Diageo headquarters to outside central London is planned. Signaling a heightening of the exploitation of those workers remaining in employment, managing director of Diageo Scotland, Bryan Donaghey, said "the cuts were part of a long-term strategy to keep the business internationally competitive and would not affect the level of output... We will produce the same as today but with fewer people."

Political reaction to the Kilmarnock closure has been one of feigned outrage coupled with appeals to the Diageo board to retain production in the town. Alex Salmond, First Minister of the Scottish Parliament and leader of the Scottish National Party (SNP), talked of an obligation on the part of Diageo to engage with the Scottish government about what alternatives might be possible. A cross-party alliance has been formed between the SNP and the Labour Party. Their proposal is to offer Diageo tax funded financial concessions.

David Gosnell, head of global operations at Diageo, set out his terms, stating that "they've got to be clear we're putting £100 million into generating a £20 million saving in our packaging. So it would have to be a pretty significant investment."

Scottish Secretary, Labour's Jim Murphy, suggested that Scottish Enterprise, the investment agency, raise the

money to build a new bottling plant if Diageo promised to keep the 700 jobs in Kilmarnock. But Scottish Enterprise, which has recently suffered budget cuts, has indicated that there is little chance that it will invest the large sums required. The *Sunday Herald* reported retiring chief executive Jack Perry stating “that it must concentrate its spending on the 1% of Scottish-based businesses with high-growth potential.”

The trade union Unite have said that strike action will not be ruled out, but reports of a union meeting in the Kilmarnock plant make clear that Unite’s main pre-occupation is to suppress discussion amongst workers and offer the company sufficient concessions to remain in Kilmarnock.

John, a worker at the Kilmarnock plant, told the WSWS, “In the union meeting we were told there is something in the contract that says we’re not meant to talk to the press... The union guys have been here for a long time, they’re looking for a wee bit of a redundancy package. They’ve not done a lot to help us in the past either. Recently they asked us to bank hours or take unpaid leave. The union said this is our proposal, we think you should accept these proposals. Two days later they came back and said that there was going to be working on a Sunday. Sometimes it’s hard to work out whose side they are on.”

“The union’s guys are a kind of bridge... a lot of the time they come and say, ‘I recommend you accept this’ because the union guys have got better jobs,” he added. “A lot of the guys that have got union jobs used to be agitators. That’s why people said they got jobs from the union. They get all the holidays, get put up in the hotels...”

The local *Kilmarnock Standard* has concentrated its efforts on opposing any industrial action. One article advised that the workers must “tread warily if anything positive is to come”. An editorial comment advised that “the criticism for the moment must be muted.” No less than the *Financial Times* put forward the same line. According to journalist Brian Groom, Diageo “has every right to review the efficiency of its operations without being hysterically derided as an uncaring bunch of corporate fat cats.”

The cross-party alliance and the trade unions are leading the Kilmarnock workers down a blind alley, while workers at the Port Dundas distillery and the Shieldhall packaging plant in Glasgow have been all but forgotten. Diageo workers cannot defend themselves on the basis of national, or regional, protectionism, backed up by

invocations of the heritage of Scotch whisky.

Worldwide, Diageo employs some 22,000 workers and operates in 180 countries. The company has acquired a huge range of historic alcohol brands and uses its global operations to rationalise production and maximise sales, regardless of the particular geographical roots of the brand. As well as Johnnie Walker’s whisky, Diageo owns Guinness, Red Stripe lager from Jamaica, Dom Perignon champagne, Gordon’s gin, Hennessy cognac, Bailey’s Irish Cream and Smirnoff vodka, among many others. The company made a global operating profit in the first half of 2009 of £1.636 billion. Overall, sales in the early part of the developing world recession appear to have increased.

Nevertheless, the company is locked in a bitter struggle with a small number of comparably huge outfits for domination of the world’s markets-hence its present rationalization drive.

The closures in Scotland are a particular manifestation of the capitalist organisation of the global economy, which subordinates the needs of the many to the profit interests of the wealthy elite. Workers seeking to defend their living standards face big challenges, but nothing can be gained through relying on the major political parties, the trade unions or on a defence of “Scottish” interests.

The working class must unite and mobilise its own strength in defence of jobs and living standards. The broadest possible mobilisation around the endangered plants must be organised, and must seek to involve workers in other industries, in local government and services and in the areas affected. Rank and file committees of workers should be established to launch this struggle, utilising the methods of the class struggle which the trade unions have long ago abandoned. At the same time, workers in Kilmarnock and Glasgow are necessarily posed with forging links with their peers in England and the 180 countries in which Diageo operates.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact