

Scotland: 300 laid off at Kaiam plant on Christmas Eve

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Three hundred thirty-eight workers at optical electronics firm Kaiam's Livingston plant in Scotland were told December 20 their promised pre-Christmas pay, due the following day, would not be forthcoming.

Four days later, on Christmas Eve, all but 26 were made redundant, with immediate effect, as the company collapsed.

Workers spoke to the press of their shock at the speed and timing of the closure, and of the devastating impact it will have on them and their families.

Joanne Baxter told the *Sun*, "It is bad enough any time of the year being in this situation but it is Christmas and people are relying on this wage to just start their Christmas shopping today." She continued, "There's people in there with just one breadwinner in the family, they've got kids and they've not even got a selection box for them."

Another worker said, "The usual pay day is the 27th but it had been brought forward to the 21st for Christmas, but now they say they don't even know if it will be paid on the 27th. My rent is due in the next few days and I don't know what I am going to do."

Father of two Kevin Wells told the *Edinburgh Evening News*, "There were a lot of tears from members of staff. People were asking a lot of questions, like, 'My wife's pregnant, how do I go about getting redundancy?' People don't know what the next stages are. They were told they'd get help finding jobs and what jobs there are in West Lothian. We were told it'll be four to six weeks before we get money from the government."

Faced with misery over Christmas and New Year without work, friends and relatives set about fundraising efforts for the workforce and their families. A local community centre offered its resources to store hundreds of donations of food and family presents. A

Facebook page was set up, while a crowd funding page quickly collected around £21,000—more than double its original target. Despite these efforts, it leaves the workers sharing only around £70 each.

KPMG administrators claimed the company, which has also closed its operation in California, folded because of a "lack of material orders" along with operating costs of the factory. Pressed by local Member of the Scottish Parliament, Angela Constance, Kaiam's CEO Bardia Pezeshki explained that the company's products—high capacity fibre optic transceivers carrying data within and between the huge data centres on which cloud-based data services depend—tended to be sold to companies such as Facebook, Amazon and Google.

According to Pezeshki, the tech conglomerates were "extremely poor at predicting when orders happen," but suppliers had to maintain capacity in case they won an order.

Pezeshki complained that competition from China meant that market price for their devices had dropped from \$900 to \$100 over just one year. An \$800,000 loan intended to keep the company afloat pending new orders was undermined by trade tensions between the US and China, while one of the company's backers demanded liquidation.

Last year, Kaiam attempted to sell to both sides of the deepening standoff between the US and China.

Last May, Kaiam announced a partnership with Broadex, based in Jiaxing, in China's Zhejiang Province, whereby Broadex would manufacture and supply its high-end transceivers to the Chinese market. Jeremy Dietz, Kaiam's sales and marketing vice president told the press, "The two companies will combine on business growth activities in and around China to strengthen Kaiam and Broadex's market share in optical transceivers for data centres as well as PLCs

for 5G rollouts.”

In July, however, Kaiaam issued a press statement in which Dietz claimed, “We sometimes forget that the optical components that power Cloud companies like Google, Facebook, Amazon, and others are virtually all made in China and are thus susceptible to trade tensions. As patriots, we believe a transceiver reserve is necessary for our domestic security.” Dietz boasted that Kaiaam was “currently exploring secure underground locations in [US] states such as Utah and Nevada.”

It is unclear when Kaiaam’s operations began to unravel, but local Westminster MP Hannah Bardell claimed the company still had £4 million worth of orders on its books.

Last year, Kaiaam sold a plant in Newton Aycliffe, County Durham, England for \$80 million, one year after having purchased it for \$70 million. One worker, John Jack, told the *Sun* that workers at the Livingston plant had been led to believe that this sale secured its future. Pezeshki admitted he had had a “windfall” from the deal. “But,” said Jack, “they never spent a penny on the plant. Some machines are held together with sticky tape.”

Pezeshki has been condemned by Labour and Scottish National Party (SNP) politicians for leaving local managers to break the closure news to the workforce while he flew to California. However, it emerged this week that the SNP knew about Kaiaam “financial difficulties” as early as November 22.

The closure sharply exposes the pro-capitalist perspective of both the SNP and the Labour Party. Both parties have for decades insisted that, faced with a globalised economy and regardless of their differences over Scottish independence, living standards must be sacrificed in the struggle to attract international investment.

While workers face frozen or declining wages, benefit freezes and endless pressures on vital social services, companies intending to open new offices or factories have grants and benefits lavished upon them. It appears that Kaiaam were offered around £850,000 in grants by investment agency Scottish Enterprise in 2014, when the company relocated some of its production away from a Chinese factory to Livingston.

Tyre manufacturer Michelin is due to close its longstanding factory in Dundee, at the cost of 845 jobs in 2020. The Scottish government recently hailed a

“Michelin-Scotland Alliance” and an “Innovation Parc” on the site of factory. However, the Michelin agreement is not legally binding, and no jobs are guaranteed under it. The unions as usual have not lifted a finger, with Unite’s Marc Jackson, the convener at the plant, admitting that a “significant number of jobs will be lost.” Going forward, the “Innovation Parc” will become a new cheap labour platform for local and international capital.

Over the past decades, the unions have collaborated in one round of job losses after another. Nearly 40,000 jobs have gone in manufacturing in Scotland since 2007, with the total down from 221,000 to 185,000. Last month alone, hundreds of jobs were lost at engineering firm BiFab in Fife and the Western Isles and 40 jobs went as the Carbon Dynamic construction firm in the Highlands went into administration. But the nature of Kaiaam’s collapse expresses new dangers. If Pezeshki is to be believed, the company, and everyone who depended on it, has fallen victim to the worsening geopolitical relationship between the US and China. Kaiaam workers, their families and supporters are being confronted with the stark realities of world capitalism in the 21st century.

New rank-and-file organisations are urgently needed to take up a struggle to defend jobs and living standards, and to turn to the broadest sections of workers in Britain and internationally for support. But the fundamental issue raised is which class must run society. If escalating trade and military tensions between rival groups of capitalists can destroy living standards across the globe, then workers are posed with the need for world socialism to implement rational global economic planning for social need not private profit.



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