

ECONOMIC PERSPECTIVE

THE LESSONS OF INVERGORDON

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In recent months, public attention has been drawn to a number of spectacular plant closures, including the BSC plant at Glengarnock, Singer Clydebank, Talbot Linwood, Massey-Ferguson Kilmarnock, Wiggins Teape Fort William, and now the British Aluminium smelter at Invergordon. All have in common the fact that the plants concerned dominated their local labour market, so that, when closure came, there were few alternative employment opportunities to which those made redundant could turn. The local vulnerability thereby created should be contrasted with the employment situation in the new town of Milton Keynes. There, the workforce is dispersed in small and medium-sized plants over a wide range of industries, so that when changes in market conditions, resource availability or technology affects one industry, not all hope of employment disappears at once. For those employed at Invergordon, however, the expectations of secure employment, falsely aroused, have been doubly disappointed.

The smelter at Invergordon has additional features in common with the motor vehicle assembly plant at Linwood. Both were capital-intensive - not a great many jobs for the capital required, and not many skilled jobs either. Thus, the benefits of the huge subsidies involved, (the exact amounts remain undisclosed) accrued not to the local population, but to the owners of the plant and the suppliers of the equipment. These subsidies were necessary since the plants were never viable from the start. Their establishment and location was dictated by political, and not by economic considerations. Since in the modern world, change is continuing, closure of such uneconomic plants was only a matter of time.

The public capital which has been spent on these projects could have been used to provide real jobs in viable enterprises. Instead, it has been wasted - like throwing seedcorn on stony ground. It is frequently argued, however, that 'political' jobs are better than no jobs at all, since no real job opportunities exist. This argument is fallacious. The progress of technology is creating real job opportunities all the time - indeed the rate of progress is accelerating. Access to the latest technology is available to any business in Scotland - or anywhere in the Western world - through licensing agreements, such as those upon which, for example, the operations of John Brown Engineering of Clydebank are founded. And if there is a notable lack of businessmen willing to undertake such ventures then surely it is to this area that policy should be directed.

If private enterprise is unwilling or unable to realise to a sufficient extent the opportunities which exist - even in the midst of the present recession - then one evident solution is the establishment of public enterprises. These are not to be confused with public monopolies such as the nationalised industries. On the contrary, they would operate in an entirely competitive environment along normal commercial lines. The difference is that government, whether national or local, would take the responsibility for finding the entrepreneur or entrepreneurs to run the

enterprises, would provide most of the capital, and would retain a controlling interest.

Such a solution to the problem of unemployment would appear to be anathema to the present government. It would also appear to have been resisted by the civil service, who are unaccustomed to intervention in the process of economic development, in the manner of the civil services of, say, France or Japan. On the whole, the British civil service remains preoccupied with the theology of monetary and fiscal 'fine-tuning', so far as economic policy is concerned. But so long as the population is willing to accept political showpieces such as Linwood and Invergordon as an alternative to real economic development, then our present economic problems are likely to continue.

Linwood and Invergordon are not the only 'political' projects. The steel strip mill was established at Ravenscraig on equally political grounds. It, too, seems unlikely to survive much longer. At Torness, in East Lothian, another such project is under construction. The capital cost of this nuclear power station will be approximately £1,000m, and will provide some 200 jobs. It will also provide electricity for which there is little foreseeable demand. The lessons of Linwood and Invergordon do not seem to have been learned.