

Metal Firm Sale Inspires Lundine Bill

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Citing the purchase of Jamestown Metal Products Co. by its employees five years ago, Rep. Stanley N. Lundine of Jamestown and two fellow congressmen yesterday introduced legislation designed to save jobs and stabilize communities threatened with loss of industry.

Called the "Voluntary Job Preservation and Community Stabilization Act," the legislation would encourage employee or employee-community organizations to purchase businesses that would otherwise close or relocate.

The law would direct the secretary of commerce to conduct a continuing nationwide study to identify endangered businesses and to provide loans and technical assistance in those cases where a business could be profitably assumed by employees or community residents.

Under the bill, the Economic Development Administration could provide loans to individual employees to help them purchase stock in the concern. Money could also be loaned for initial start-up and operation costs.

Before such loans could be made, EDA would be required to conduct a feasibility study determining both the profitability of continued plant operations and the willingness of current and proposed owners to make the transaction. Loans could not be forgiven by EDA.

Lundine mentioned the example of Jamestown Metal Products Company. When the company's parent firm, AVM, decided to liquidate the subsidiary in 1973, a majority of the 120 employees participated in the purchase.

"Jamestown Metal Products is a thriving business today," Lundine said, "and the community benefits as well."

Rep. Peter H. Kostmayer of Pennsylvania, who introduced the bill along with fellow Democrats Lundine and Matthew F. McHugh of New York, said, "We have seen documented cases where a firm was closed, not because there was no longer a profit, but because the profit margin simply wasn't high enough to suit the owners."

"In many of these situations," he continued, "absentee owners were involved. Very often, the plant could be continued at a profit which is acceptable to an employee or resident-employee ownership group, while maintaining the jobs which are vital to that community."

The seven-year legislative program would be funded initially at \$100 million, rising gradually to \$175 million in the final year.

"The investment is small on the government's part when compared to the transfer payments, reduced employment and personal hardships which result without any action on our part," Kostmayer concluded.