

# Lundine's Bill Supports Employee-Owned Firms

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Rep. Stanley N. Lundine re-introduced legislation on Thursday that supports employee ownership of industries as a means of saving jobs and communities.

The Voluntary Job Preservation and Community Stabilization Act is designed to enable groups of employees and community investors to purchase businesses that would otherwise close down or relocate.

Similar legislation was introduced last year with 70 members of the House co-sponsoring the bill. This year the bill is co-sponsored by Reps. Matthew McHugh, D-N.Y., and Peter H. Kostmayer, D-Pa.

Lundine said in a prepared statement that increased worker participation in decision-making "can dramatically improve industrial performance."

"With a new financial stake in their enterprise, both workers and managers are encouraged to explore ways to increase productivity and make the business run better," he said.

The legislation calls for the Secretary of Commerce to conduct a continuing review of businesses to identify those that are in financial trouble. In those cases where a business U could be profitably assumed by

employees or employee-community groups, loans and technical assistance are to be offered.

The Economic Development Administration would be required to study the profitability of continued plant operation. The EDA would have a loan authority of \$100 million to help employees purchase stock in the concern and to help the new firm with initial start-up and operating costs. All loans would have to be repaid.

The legislation is patterned after successful employee-owned companies in Chautauqua County. Lundine cited the example of a group of management employees who purchased a specialty steel plant in Dunkirk. More than 2,000 jobs were saved and the new firm is now showing a profit.

Lundine also cited the Jamestown Metal Products Co., a revived employee-owned company. Over a five-year period, Lundine said, sales expanded by 55 percent and the book value of stock in the company more than tripled.

A subcommittee of the House Banking Committee has scheduled a hearing on the idea for Feb. 27. A companion version of the bill is expected in the Senate in the next few weeks.