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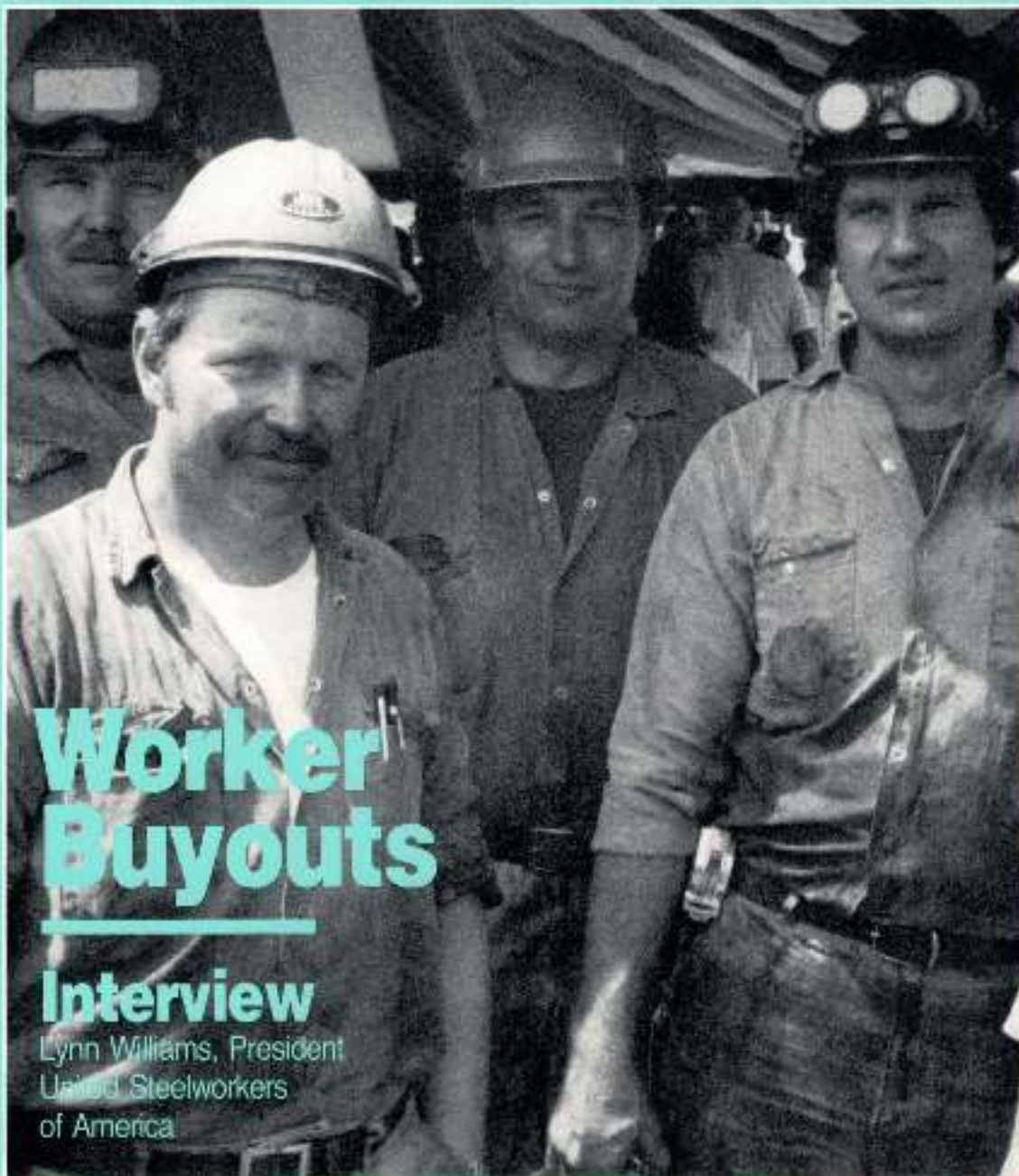
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Worker Buyouts in Europe and North America • American Labour Movement Supports Worker Buyouts



Worker Buyouts

Interview

Lynn Williams, President
United Steelworkers
of America

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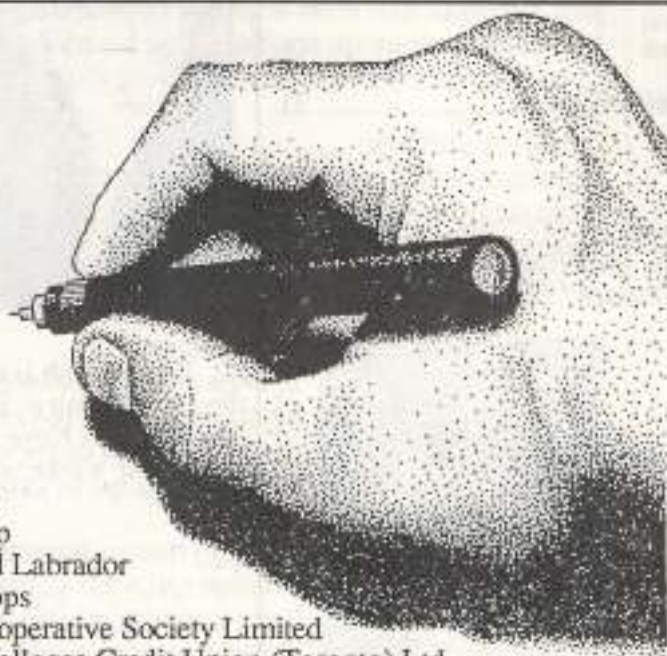
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In Support of Dauncey

As the person who invited Guy Dauncey to write his article "A Planetary Approach to Community Economic Development" (Volume 8, No. 1) I was impressed by the response it generated. Three of our co-op colleagues from the Maritimes wrote thoughtful responses to the article and they expressed concerns about his approach.

As a Westerner I was interested to see that the respondents all came from the Maritimes. Obviously, community economic development is alive and well in that region. And, it is as a Westerner that I want to comment on Guy Dauncey's viewpoint.

What I hear him saying is that the development of non-capitalist economic structures is part of a broad worldwide trend that encompasses many movements and alternative ideologies. It is as important to remain open to the environmental, feminist and "new age" movements as it is to the traditional labour and co-op movements.

We in the West are very backward on community economic developments; I look to the Maritimes as a locale of significant experimentation. But I cannot help but think that none of us can work in isolation and that a global perspective is important to local activity.

George Melnyk
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CCA Buyouts Project

I appreciated reading about the Innovations funding being so helpful in facilitating such a worthwhile project. I am confident that, during this two-year project, the Canadian Co-operative Association and its member organizations will be designing mechanisms to facilitate worker co-op buyouts, either when a plant is shut down or when an industry is restructured.

Once again, thank you for providing me with feedback showing that Employment and Immigration Canada is on the right track with the Canadian Jobs Strategy.

Barbara J. McDougall
Minister of Employment
and Immigration
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Worker Co-op welcomes letters and conference information from its readers. Write to: Jack Quarter, The Ontario Institute for Studies in Education, 252 Bloor Street W., Toronto, Ontario M5S 1V6; (416) 923-6641, Ext. 2576.

Thank you

The *Worker Co-op* magazine expresses its appreciation to the Canadian Co-operative Association's Buyouts Project for covering a portion of the cost of this issue.

We would also like to thank the United Steelworkers of America (Dick Fontana, Simon Guillet, Gary Hubbard, Harry Lester, Steve Newman, Charles Robb) for assisting with items related to this issue, including the cover photo.

Workers and unions as stakeholders in buyouts

by Jack Quarter

The smattering of successful worker buyouts across Canada testifies to both the major obstacles facing workers when they want to purchase their place of work and their determination in overcoming those adverse circumstances. The classic worker buyout arises when a plant is either shut down or under the threat of closure. Although the actual announcement of a closing may come as a surprise, usually there is a lengthy planning process leading to the announcement.

By the time that the closing becomes apparent, equipment is run down, assets have been stripped, and portions of the market have been either lost or transferred to other parts of the corporation. In Canada, where so much of ownership is foreign, market consolidation is often with the parent company.

There are exceptions to this "run down plant" syndrome. Lamford Forest Products, a worker buyout in British Columbia that recently received an award for business excellence, had plants which were in good shape and a solid reputation among its clientele. Its owners encountered cash-flow problems when the combination of an increase in interest rates and a downturn in the market for forest products resulted in the bank calling in loans which had been used to modernize the operation.

Workers are last in line

When a plant becomes available for sale, the most likely purchasers are other business people, because they have access to financing and can quickly determine whether the closing plant fits into their plans. If the sale is internal, the most likely purchasers are senior management since it is knowledgeable about availability, has a close working relationship with the owners and knows how to lever the company's assets to finance a buyout.

When workers become involved, it is usually because senior management lacks financing and requires workers'

investments, either to obtain bank loans or to become eligible for financing from a government program (as in Manitoba and Quebec). Vent Air of Winnipeg and Colibec of Trois-Rivières are examples of worker buyouts that occurred for this reason. Workers who do become involved often have specialized skills and extensive experience in their company. Re-entering the labour market is a problem for them, and therefore they are desperate to ensure that their company remains in operation.

Organizing a large group of workers to invest their meagre savings or to take loans to purchase their place of work is an arduous task. Outside of Quebec, there is no infrastructure (i.e., development groups and risk-capital pool) to assist workers. The lack of precedent for worker buyouts and the lack of support from government are ongoing problems. Governments will give multi-million dollar grants and tax breaks to entrepreneurs who want to purchase a closing company, but as the Canadian Porcelain saga illustrates, the federal government would not even support politically a buyout among interested workers who had raised the financing. Yet, in spite of the stacked deck against worker buyouts, there have been successes (see the Across-the-Country section of this issue for a description of worker buyouts in Canada).

Buyouts tend to be of somewhat larger businesses than the worker-owned enterprises started from scratch. The reason for this is that the assets of a business being liquidated can be purchased at bargain-basement prices. Buyouts also enjoy the immediate advantage of an experienced management, a disciplined labour force whose motivation is enhanced by the threat of job-loss and a well-established clientele.

Organized labour's support

The key to a successful worker buyout strategy in Canada is the support of organized labour. In general, organized labour has backed worker buyouts only as a last

resort because it feels more comfortable in an arrangement where there is a clear distinction between owners and workers. In spite of difficulties it presently faces, the Canadian labour movement has been too successful in its current framework to embrace a broad change of strategy. With respect to plant closings, the labour movement has lobbied for legislation that would require more notice, compulsory feasibility analyses and better severance allowances and retraining programs. The main strategies have been to prevent plant closings and to cushion workers against the consequences; worker buyouts have been encouraged only in very selective cases.

The American Scene

In the United States, where organized labour is proportionately smaller than in Canada, there has been a change of attitude, particularly in unions such as the United Steelworkers (see Warner Woodworth and Lynn Williams in this issue) and the umbrella organization the AFL-CIO (see Chris Meek in this issue). American unions are attempting to respond to the merger-and-takeover pattern in modern capitalism that has threatened its membership base in key industries. For the first time, American unions are viewing worker buyouts of healthy industries as a strategy for preventing closings. The American labour movement has been helped by legislation which makes it possible for buyouts organized through ESOPs (trust funds) to be tax-exempt. Similar tax legislation does not exist in Canada, thereby eliminating a major financial incentive for owners to sell to their employees. Nevertheless, the market conditions which are causing the American labour movement to look at worker ownership more positively also exist in Canada.

Having said that, there are significant problems to be overcome before worker ownership, whether through buyouts or start-ups, ought to be promoted. Not the least of these problems is the risk of failure. Evidence suggests that the 10-year survival rate for worker-owned enterprises in Québec, the only province with an adequate infrastructure, is about 30 per cent (see Alain Roy, *Worker Co-op*, Volume 9, Number 2, pp. 22-23). Although separate data for worker buyouts are not listed, anecdotal evidence suggests that the survival rate is similar. Like most small, independent businesses, worker-owned enterprises lack the financial reserves and the economies of scale to compete effectively.

Reducing risks

One way to reduce the competitive risk is to adopt the business advantages of a franchise and to create



Shirley Carr, president
of the Canadian Labour Congress

economically-integrated systems of firms within a market sector. Such a strategy involves viewing the feasibility of a potential buyout within the context of a system of worker-owned firms.

PACE of Philadelphia provides an excellent example in North America of this approach. Specializing in the food industry, PACE, with the support of the United Food and Commercial Workers (Local 1357), has developed a chain of worker-owned and operated supermarkets (O & O Stores) in the Philadelphia region; it has done this from buyouts of closings A&Ps and from start-ups as well. Each supermarket is independent. It is also part of a system with a common wholesaler (established as a second-degree co-op and thereby providing economies of scale in purchasing and marketing) and with links to PACE for member education, managerial training and accounting services (see Sherman Kreiner, *Worker Co-op*, Vol. 8, No. 2, pp. 19-21).

It is essential to reduce the risk of failure before worker buyouts are promoted. But paradoxically, worker buyouts face another problem -- that of success. Successful worker buyouts will receive offers of purchase from private

entrepreneurs -- offers that can yield the workers a tidy profit (e.g., Pioneer Chainsaw in Peterborough). Since workers have taken considerable risks in financing a buyout, it is quite reasonable that they should expect the rewards.

Furthermore, success can generate a need for capital to finance expansion, and this too could encourage a takeover. The "problems of success" speak to the social objectives of worker ownership. If a primary objective is to use capital to create workplaces based on democratic principles, then finding mechanisms to maintain worker ownership in successful plants is important.

One approach to solving this problem is to purchase plants, using a combination of worker and union ownership -- in other words a dual stakeholder model.* Organized labour in Canada has proven itself effective in amassing venture capital (e.g., the Québec Solidarity Fund), primarily for investment in privately-owned businesses. With the political will, it should be possible for organized labour to enter into joint ventures with groups of unionized workers in targeted market sectors, thereby creating systems of firms within these sectors. If organized labour took this route, presumably it would try to ensure that labour-owned companies remained labour-owned.

In conclusion, the trends in modern capitalism present a challenge to workers and their unions. At one level, this challenge has to be addressed on a plant-by-plant basis by protecting the rights of workers when their jobs are threatened. At another level, this challenge could be addressed by reconceptualizing the role of organized labour. It is recognized by people of all political stripes (from the left to the right) that ownership is a fundamental aspect of control. In view of current economic trends that are resulting in reduced involvement by government in regulating the business market, it would be an error for the labour movement to ignore the advantages of ownership and continue to define its role exclusively as a defensive one.

Jack Quarter is editor of the *Worker Co-op* magazine and a professor at the Ontario Institute for Studies in Education (252 Bloor St. W., Toronto, Canada M5S 1V6). He is part author and co-editor with George Melnyk of *Partners in Enterprise: The Worker Ownership Phenomenon*, soon to be published by Black Rose of Montreal.

*For a discussion of the stakeholder approach see John Jordan, "The multi-stakeholder concept of organization," in Jack Quarter and G. Melnyk (eds.), *Partners in Enterprise*, Montreal: Black Rose, 1989. ♦

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Organized labour's support is needed for worker co-op development



by Ethan Phillips

The Canadian labour movement has a decidedly mixed view of worker co-operatives. This ambivalence is partly a result of the newness of the concept but is also related to some genuine concerns with current patterns of worker co-op development. It is important to note that while worker co-operatives define themselves in terms of their enterprise-level structure, labour is likely to be concerned far more with the context in which worker co-ops develop and their overall impact on the economy. In other words, labour is unlikely to support or oppose worker co-ops on the basis of their democratic structure but rather will assess the aggregate impact of development (and policies encouraging worker co-op development) on such things as wage structure, union membership, contribution to full employment, etc. Put bluntly, any development strategy that results in a smattering of small, disparate, low-wage, non-union co-ops will be viewed negatively in union circles.

Principal concerns

Organized labour in Canada is a highly diverse entity. In English Canada, the construction, public sector and industrial unions have very different histories and political cultures and as such have correspondingly different attitudes towards worker ownership (of which worker co-ops are viewed as a subset). The Québec labour movement is different again. While it would be misleading to imply that any segment of organized labour has a hard and fast position on worker co-ops, the principal concerns could be summarized as follows:

1. the role of unions in worker-owned businesses is unclear;
2. once they become owners, workers may identify more with the company and less with other workers;
3. collective agreements in worker co-op enterprises may undermine industry wage levels;
4. because most existing worker co-ops are quite small and pay low wages, the growth of a worker co-op sector may mean jobs which offer little job security and even less opportunity for unionization;
5. worker co-ops may serve as a smokescreen for privatization and other anti-union practices; and
6. because workers must invest in their worker co-ops, they may risk both their jobs and their savings.

A strategy

On the other hand, labour is ideologically predisposed towards a broader notion of economic democracy (however ill-defined). As such, a strategy that had the following elements would have a much better chance of receiving labour support:

1. the creation of tax changes and of government supports that provided worker co-operatives with a growth environment comparable to that of conventional firms;
2. the concentration of development in particular sectors of the economy thereby encouraging the growth of "systems of firms";

3. the encouragement of rates of unionization in worker co-ops that at least equal those found in the larger economy;

4. specific initiatives to save union jobs that would otherwise be lost;

5. the creation of larger worker co-operative enterprises that are capable of providing good wages and job security; and

6. the institutionalization of the worker co-operative development process with labour as an institutional stakeholder. This might mean the creation of regionally-based development centres that would combine high-powered co-op development expertise with relatively large amounts of investment capital.

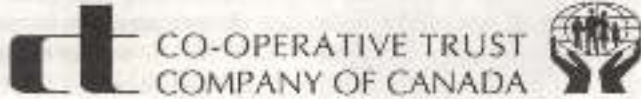
It should also be emphasized that labour is far more likely to support a government initiative if it is involved in its development from the beginning. The mainstream of organized labour in English Canada is highly partisan. There is general support for the NDP and widespread suspicion of the current Conservative government. This means that any initiative announced by a Conservative government without prior consultation with organized labour would probably not be supported. If a federal program were announced and organized labour opposed it, that combination of events would

do considerable damage to the worker co-op movement.

The Canadian labour movement has far from a definitive position on worker co-ops. There are pockets of support, most notably in Québec's CSN labour federation, which has created its own groupe-conseil to assist selected worker co-op development, and increasing interest among the United Steelworkers, which is encouraging buyouts of steel plants in the U.S. There is also support in some construction unions. On the other hand some industrial unions, including the Canadian Auto Workers, and the public sector unions are genuinely suspicious of worker co-operatives.

The coming year promises to be an important one for worker co-ops in Canada. Years of behind-the-scenes lobbying may finally yield some government action at both the federal and provincial levels. By working together, Canada's labour and co-operative movements can ensure that worker co-ops represent a genuine advance in the long struggle towards a more democratic economy.

Ethan Phillips is director of the Worker Ownership Development Foundation, 348 Danforth Avenue, Toronto, Ontario M4K 1N8; (416) 461-6992. ♦



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The President of the United Steelworkers of America speaks out on worker ownership

An interview
with Lynn Williams



Lynn Williams is a Canadian who became President of the 650,000-member United Steelworkers of America in 1983. At the time the American steel industry was in the midst of a crisis. One response to that situation has been for the USWA to become involved in worker buyouts of steel companies. In the following interview with Jack Quarter, the editor of the Worker Co-op magazine, Lynn Williams discusses the USWA's buyouts' philosophy.

Why are there so many worker buyouts in the American steel industry?

The activities of our members involving buyouts in the steel industry fall into two areas -- stock as recoupment of wage and benefit sacrifices and stock in an enterprise in which the workers have purchased minority, majority or full ownership.

The first instance arose during the middle part of the 1980s when the American steel industry, among others, was being battered by imports and sustaining huge financial losses, prompting the major integrated steel producers and some smaller companies as well, to ask for our members' help. We undertook very careful analyses of these companies' financial records and, if the extent of the problems was confirmed, the workers agreed.

We insisted, however, that this help not be viewed merely as sacrifices in the form of straight wage and benefit

reductions. Instead, we negotiated contracts under which sacrifices become investments. We reduced the companies' cash-flow problems by trading some of their current cash costs -- wages and benefits -- for deferred compensation in the form of stock ownership. Additionally, these contracts called for the major producers to join the union in a public information campaign to attack at least some of the root causes of the industry's problems -- flawed trade policies that permitted, even encouraged, much of the world's excess steel production capacity to be sold in the U.S. market.

The second area involves buyouts by employees through a qualified Employee Stock Ownership Plan (ESOP). Steelworkers now own (in whole or in part) 15 companies, including E.W. Bliss in Ohio, Republic Container in West Virginia, Republic Storage in Ohio, McLouth Steel in Michigan, to name but a few. In some of these instances there was no choice but to form an ESOP or see the companies go out of business because of their failing finances.

We also have been involved in ownership of going concerns. For example, Northwestern Steel and Wire in Sterling, Ill. was not a distress sale. The company has been generally profitable. We will continue exploring opportunities in this area.

In addition, the worker-owners of White Pine Copper in the Upper Peninsula of Michigan did such a good job that they attracted financial suitors and have decided to sell their

company at a substantial profit. In this sale to a German mining company, which has its North American headquarters in Toronto, the workers have negotiated a most interesting "co-determination" arrangement. Half of the members of the board of directors, less one, are workers' representatives who, therefore, are not the majority, but a special provision grants them veto power over the appointment of the general manager. A new ESOP also has been constructed which will provide the workers with 20 per cent ownership.

One of the earliest buyouts in the steel industry did not involve a plant that was organized by the USWA. At Weirton, W. Va., National Steel decided that the plant required large capital investments and that the market for tin plate, its principal product, was likely to shrink in the future.

If National had closed the plant at the time, it would have faced large pension and insurance costs. Instead, it sold the plant to the workers. So far the plant has been profitable. However, it is now about to sell some stock to the public to raise funds for the capital spending which it must do if it is to survive.

The buyouts in steel and other metalworking industries are also being abetted by a bottom-line, quick-profit mentality among the incumbent stockholders -- stoked by Wall Street and the previous national administration. In this scenario, they're dissatisfied with the rate of return on their investment and are willing to sell and re-invest the proceeds in other ventures.

Has there been a change in USWA philosophy from negotiating worker buyouts in companies with financial difficulties to negotiating buyouts in relatively healthy companies?

I would not characterize our current efforts as a change in philosophy as much as a change in the world in which we live. Rather than sit idly by and permit our members to be savaged by leveraged buyouts and shutdowns, we decided that an ESOP was, in many situations, a much better alternative. Ultimately, though, the decision to participate in an ESOP -- or not -- is up to the members.

It's not a simple process nor a simple decision. There is an absolute need for a feasibility study to determine whether a market exists for the particular product, whether sufficient financing is available -- in addition to that provided by the members -- and whether the enterprise can operate profitably. We have such a situation in Pittsburgh, where the union has been involved in helping former Steelworkers and community groups in the purchase of an idled LTV facility for the production of semi-finished steel. All the indications to this point are positive, and a search is underway for financing.

There also have been cases where either the local

membership or local leadership tell us they are not interested in trying to buy their company. And in some we have been outbid or have been unable to structure a satisfactory deal.

Is the USWA considering a total buyout of the American steel industry?

We are not planning to buy the entire industry, but during the industry's darkest hours, it frequently looked like we were the only ones interested in maintaining a U.S. steel industry.

Under current U.S. labour laws, the union itself, as an institution, can not own a company and represent workers at other plants in that industry. The workers are the owners.

Does the USWA want to encourage the use of equity in pension funds to finance buyouts?

In some industries, the pension plans covering organized workers are jointly administered by union and management representatives. Most of the plans covering USWA members, however, are administered by the individual company. We strongly favour worker input on investments of their pension plans. We support achievement of this objective either through negotiations or



USWA President, Lynn Williams, on the picket line.

legislation. There also is discussion in the U.S. for the unions to work for the establishment of a fund, somewhat on the model of the Solidarity Fund in Québec, to assist in employee buyouts. We are actively encouraging its formation.

Clearly, many of the pension plans are negotiated benefits and workers ought to have a say in their use. At the same time, we must assure the integrity of the plans and safeguard the funds so they are available for the workers upon their retirement. We do not want the future of the pension plans tied to the success or failure of the particular enterprise.

ESOPs have been criticized for not leading to corporate control by the workers and not involving workplace democracy. Are those issues primary considerations in the USWA's buyouts agenda?

The whole question of corporate governance is of great concern to us. In too many cases, ESOPs have been structured in such a way that employees do not have an effective say about how the company they own is to be run. This is an important concern not only for us and for other unions, but to our friends in the business and academic communities, as well as in the legislature. We believe if

companies are going to be afforded the various tax benefits, they should be required to structure the ESOPs in such a way as to assure meaningful participation by the worker-owners. We're not going to be party to any schemes that reward speculators at the expense of the workers.

What policy is the USWA advocating for appointing worker representatives on the board of directors?

We believe that if workers own the majority of the stock, they should have majority representation, directly or indirectly. One member should be nominated by the International President in consultation with the district director and one nominated by the bargaining unit. In addition, the Union and the CEO, who sits on the board, would nominate four mutually-acceptable candidates.

At McLouth Steel, we have three direct representatives of the workers on the board -- our District Director, Harry Lester; Douglas Fraser, the former president of the Auto Workers; and Steven Hester, a Washington, D.C., lawyer who has represented the USWA in a number of ESOPs. We believe both in the right of direct worker representation and also the right of workers to have outside representation by persons who are qualified and who will represent the workers' interests.

Has the USWA considered the worker co-operative as a model for organizing buyouts?

While there are some co-operatives in the United States, and we have given some thought to them as an alternative, we have not pursued that strategy because under current legislation they do not offer the advantages that ESOPs do. Tax laws and individual liability laws encourage the use of a corporation rather than a co-op, and make it more attractive for us to go in this direction. The circumstances are different in Canada. Our Canadian leadership is studying the situation and, as it develops, co-operatives may well be a possible option for Canada.

Is the USWA encouraging the American labour movement to be more supportive of worker buyouts?

We are encouraging other unions to explore these possibilities, but each union must establish its own policy and we would not presume to tell another international union what its policy should be. More and more, unions and leaders of the American labour movement are coming to see that a properly structured ESOP is not in conflict with their general responsibility to represent their members.



USWA President, Lynn Williams, urging Bethlehem steelworkers to support Michael Dukakis for U.S. President.



Pittsburg Forgings buyout was organized by the United Steelworkers, Local 1779. Proud worker, Joe Zbrzezny, shows forge hammer to his sons.

Is the USWA encouraging its Canadian locals and the Canadian Labour Congress to be more supportive of worker buyouts?

We have worked and continue to work with locals in Canada to see if employee buyouts are appropriate in their situations. Our role has been to support the efforts of those locals that are interested and in circumstances where such an approach might be viable. The Canadian National Director and the District Directors from the Canadian Districts have been active participants in our Executive Board discussions concerning employee ownership and the benefit of having one more vehicle to help our members respond to a changing world.

We also have provided considerable information to our locals and leadership in Canada on actual worker buyouts in the United States as they have been developing, but ultimately, the decision rests with them and the Canadian Labour Congress to determine what policies are appropriate in Canada.

Given that Canada does not have the type of ESOP tax legislation that the USWA is using and lobbying to strengthen in the United States, do you have any advice for the Canadian labour movement on strategies it might use?

While Canada does not have the type of legislation found in the U.S., we understand programs are being started in some of the provinces. We are certainly persuaded that in certain circumstances buyouts are practical. We would encourage our Canadian brothers and sisters to look at and explore all of this in depth and for the CLC to continue in that direction.

For more information contact the United Steelworkers of America, Five Gateway Center, Pittsburg, PA 15222, U.S.A.; (412)562-2442. ♦

A footnote to this interview: Lynn Williams is a member of Local 2900 of the USWA at Inglis, Toronto, a plant where a worker buyout is currently being considered.

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Lynn Williams and the USWA are organizing steel-industry buyouts

RE-STEELING THE U.S.

by Warner Woodworth

When 2,200 steelworkers at McLouth Steel Company bought their firm several months ago, they signalled a new thrust in worker ownership in the United States. The integrated steel mill in Trenton, Michigan, was essentially salvaged by the union local from years of corporate mismanagement.

In exchange for a 4-5 year collective bargaining agreement, which cut wages and benefits ten per cent, workers obtained 85 per cent of McLouth's stock. Creditors, who are owed \$130 million, received preferred stock worth about 40 cents on the dollar and seats on the board of directors.

The restructuring ends a six-year saga of industrial decline since Chicago metal dealer Cyrus Tang took over the plant in 1982. He had been able to seize McLouth very cheaply at that time, but in the years that followed exacerbated the firm's troubles with new debt and economic losses.

Angry steelworkers protested the mill's decline, claiming Tang was bleeding McLouth to support his other companies. The union fought back in self-defense, increasingly determined that Tang had to go. Ultimately the bitter fights led to a two-day wildcat strike, forcing Tang from power. "The union was much tougher than I thought," he said later.

Since then the worker-owned company, purchased

using an ESOP, has operated in the black each month. Productivity has risen from 2,600 tons a day to an average of 4,000 tons, sufficient to make a profit. The workers control three board seats and the company has launched a five-year, \$100 million, modernization program. And Harry Lester, director of District 29, United Steelworkers of America (USWA), who led the union struggle to take over McLouth, envisions a new spirit of labour-management co-operation. Lester led labour's negotiating team which won a gainsharing plan and agreement over such principles as equality of sacrifice. Perhaps more importantly, the two parties agreed to a "Co-operative Partnership Agreement" which gives the union equal voice in all strategic decisions affecting the company -- investment in new technology, marketing plans, operations and so on. Lester's idea to create a "Joint Strategic Decisions Board" portends a new role for labour in the steel industry.

Beyond Rescue Tactics

McLouth is the largest in a series of worker buyouts in the U.S. steel industry. Other cases include:

-- Republic Container Company in Nitro, West Virginia, was purchased from LTV in 1985, with steelworkers controlling three of five board seats.

-- Copper Range Company in White Pine, Michigan, had been closed for two years before steelworkers bought the copper mine and restored 900 jobs. Stock, valued at \$9.00 per share when the mine re-opened, is now worth \$54 a share, giving each worker approximately \$18,000 worth of stock. Profit-sharing is just around the corner.

-- Republic Storage Systems in Canton, Ohio, obtained a \$17 million loan through an ESOP to save 400 jobs, beating out seven other suitors who attempted to purchase the company.

-- Chester Roofing Products in Chester, West Virginia, re-opened this past June after a five-year shutdown under its former owner, Celotex Corporation.

-- Oremet Titanium in Albany, Oregon, was acquired by steelworkers from Owens Corning in 1987. In exchange for a 20 per cent pay cut, workers obtained two-thirds of the firm's stock for \$17 million, to be paid off over seven years.

-- Northwestern Steel and Wire in Sterling, Illinois, was bought in August, 1988, for \$187 million from a family that held controlling interest. The owners wanted to sell their shares, so for several months the union's 2,500 members were engaged in a bidding war with several other potential buyers. Ultimately the workers won 51 per cent, with the other 49 per cent held by management and outside investors. Labour got five seats on the board and in contrast to many buyouts, a solid, profitable steel company.

-- Weirton Steel in Weirton, West Virginia, is the seventh largest steel company in the U.S.. The 8,100 members of its independent steelworkers' union own 100 per cent of their billion-dollar business. Since the buyout five years ago, the firm has gained hundreds of new customers and profit per ton of steel shipped is among the highest in the industry. The firm's net worth is now up to \$250 million and each worker's stock is valued at \$45,000.

-- Bliss-Salem, Inc. in Salem, Ohio, was salvaged from bankruptcy in 1986 through an ESOP which gave workers 80 per cent of the stock. Under the agreement the position, chair of the board, was a union member. The new corporation had the foresight to acquire yet another firm, Atlas Car Company, which makes heavy railcars for steel mills.

-- Pittsburgh Forgings Corporation, established in Coraopolis, Pennsylvania, in 1871, was put on the auction block and bought by workers of USWA Local 1779 at the end of 1988.

A new strategy

Steelworkers also own shares in LTV Corporation, Bethlehem Steel, Kaiser Aluminum and Chemical Corporation and CF&I Steel Company. Rescuing troubled firms is the reason for most of these buyouts to date. While such efforts have saved jobs, stabilized local communities,



Worker-owners at McLouth Steel

preserved companies and provided millions of dollars in wages, the USWA has recently entertained the possibility of becoming more proactive.

With the leadership and vision of USWA president, Lynn Williams, the steelworkers have become the foremost advocates of worker ownership among labour unions (see Worker Co-ops, Vol. 5, No. 3, pp. 38-40).

Last April, the executive board, consisting of the union's top 40 executives, spent most of its meeting on the topic of worker ownership. The group listened to presentations from steelworkers officials involved in buyouts, as well as from academic, legal and financial experts.

Essentially, the message communicated was that ESOPs, if designed correctly, do work, can save jobs and that the USWA ought to consider a more proactive strategy, getting in on the purchase of healthy steel firms. It was suggested that:

- the union develop and expand its capacity to assist union locals in buyout efforts;
- the international union bargain for board seats and/or stock in the largest dozen steel companies in upcoming contract talks;
- the union improve its monitoring of the entire North American steel industry;
- ESOPs become a key tactic for blocking foreign investment and outside attempts to take over the American steel industry; and

-- the USWA became a prime force for influencing the AFL-CIO to adopt ESOP methods as a part of its labour policy.

The board was also warned that ESOPs are only a tool, not magic and that there is no guarantee steelworkers will be better off or have any more rights simply because they become owners. However, if the union picks its cases very carefully and plays a significant role in properly designing the ESOP's structure, ownership clearly has the potential to provide job security, additional income beyond wages and a voice in corporate decision-making.

That historic meeting in April laid the foundation for subsequent developments. At its 24th Constitutional Convention in Las Vegas in August 1988, several important events occurred:

-- President Lynn Williams' keynote speech to some 3,500 delegates and participants declared that worker ownership "isn't just a way to save jobs, as important as that is. It means workers have a major voice in who buys the plant, who doesn't buy it and how it operates." The speech received thunderous acclamation.

-- As part of the convention activities, a special session was held solely for local union leaders involved in worker-owned companies. It was the first such convention

meeting held by an international union to deal exclusively with problems, common concerns and questions about buyouts. This forum is expected to grow in the coming years, providing a useful opportunity for local officials to exchange ideas and work jointly on overarching areas of concern.

-- Perhaps most importantly at the convention, the USWA voted for an expanded resolution which declared the union's official position on worker ownership. Among the action items were the following:

-- ESOPs, which involve union members, must be part of the collective bargaining contract;

-- worker-owners in ESOPs should have the same voting rights as other shareholders in a given company;

-- ESOPs should not be perceived or used as an alternative to an adequate employee pension;

-- international unions should encourage Congress to continue favourable tax incentives for ESOP firms;

-- The National Labor Relations Act ought to be modified to recognize worker-owned companies and to allow unions the legal right to negotiate ESOP issues (items such as voting rights, vesting, stock valuations, etc.), much like any other collective bargaining issue;

-- there ought to be a federal program to finance ESOP feasibility studies when a prospective buyout first surfaces.

Major questions remain in the USWA's quest for economic democracy. New legislation is required so that labour law, established before the formulation of ESOPs in the mid-1970s, more appropriately takes worker issues into account when workers become the owners.

Another area of uncertainty has to do with the education and training of union members so that they can be successful in operating ESOP firms. The conventional company is often run by executives with considerable preparation in management and financial skills. To what extent can a worker with 20 or so years of shopfloor experience participate in corporate decisions by serving on a board of directors? Certainly some kind of training and preparation would enhance labour's success in having a positive impact on corporate performance.

A third critical issue is that of securing the necessary resources for a USWA takeover of the American steel industry. The union, to its credit, is developing important working relationships with a number of leading ESOP academics and attorneys. It has used economic and engineering experts in performing feasibility studies and market projections. The union has developed a good working relationship with one of the U.S.'s major investment banking firms, Lazard Freres. Whether it can successfully elicit Wall Street's support in putting together multi-billion dollar deals remains to be seen. Tapping labour's \$2 trillion worth of equity capital and investing it



McLouth Steel was purchased by its workers.

on behalf of workers, rather than following the current practice of using pension funds for management-led buyouts, seems like an important new thrust.

Despite these tough questions, the USWA seems destined to lead the ESOP charge within the labour movement. The situation is quite clear to many rank and file steelworkers: conventionally-owned steel companies and top executives are either not willing or unable to install new technology, better productivity processes and more effective decision-making. One alternative solution, at least in the short run, is to passively watch Asian banks and steel companies purchase the North American steel industry. But the longer term risks of foreign ownership and eventual shutdowns would still threaten workers.

The other solution is for the USWA to take over the industry itself. Tapping the knowledge, creativity and commitment of visionary union leaders and committed shopfloor workers portends a strong, healthy steel industry for the future. Even more so, the building of a revitalized labour-owned section of the U.S. economy in steel may become a model for a widespread form of industrial democracy in other manufacturing areas as well -- auto, rubber, chemicals, and so on.

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Industrial work in the good old days.

Worker buyouts on the increase in the U.S.

AFL-CIO creates buyout fund

by Chris Meek

During the 1980s employees have become involved in partial or entire buyouts through a variety of situations in the United States. The traditional employee buyout typically involves an attempt by a group of workers, aided by local government and usually led by local managers or a recruited outside entrepreneur, to avert a plant or company closure. The National Center for Employee Ownership (NCEO) recently conducted an analysis of some 52 buyouts undertaken between 1975 and 1988 and estimated that this represented "at least half" of all buyouts for the entire United States during that period. This estimate very likely falls far short of the mark. For example, a 1986 Kent State University study of 47 employee buyout attempts in the state of Ohio alone found 30 successful cases. Of 35 post-1980 buyouts studied by NCEO nearly all had adopted ESOPs, and only a few, like the "Super Fresh/Owner & Operator Stores," created by PACE and by the United Food and Commercial Workers Local 1357 in Philadelphia, had adopted a pure worker co-operative form of organization. It is important to note, however, that many early buyouts of faltering or bankrupt plywood companies in the Pacific Northwest during the 1940s and 1950s resulted in the creation of worker co-ops.

Nearly all traditional employee buyouts have involved wage and benefit cuts as well as work-rule reductions.

ESOP Leveraged Buyouts

Leveraged buyouts (LBOs) by employees and management are frequently part of efforts to avert a hostile takeover by a corporate raider. Some of the more notable cases included Avis, the Dan River textile company, Raymond International, Blue Bell, South Bend Lathe, Okonite Corporation and Phillips Petroleum (in progress). Even J.C. Penney recently sold its employees \$700 million in stock through a partial LBO, giving workers a 24 per cent stake, in order to create a potent obstacle to would-be corporate raiders. Recently the AFL-CIO (the umbrella organization of American labour) decided to create its own fund which will be used to help finance unionized workers in mounting counter-LBO offers when a takeover is threatened by a hostile party. This development could lead to some of the most innovative and participatory ESOPs yet. It certainly represents a significant change of attitude for the AFL-CIO.

Buyouts to End or Avoid Outside Ownership

Employees can become involved in a buyout in order to end absentee ownership or in response to a downsizing program undertaken by a corporate raider who has taken over their employer and is attempting to raise capital to pay off bank and junk-bond debt.

Avis managers and workers bought out 100 per cent of the company's stock from absentee owner Wesray to get off what its CEO, Joe Vittoria, calls the "merry-go-round of owners." Avis had been controlled by 10 different owners since its founding in 1946, and half of these during the five-year period before the employee buyout. In another case, employees of Omak Wood Products, a lumber mill in the state of Washington, bought their company for self-protection after it was put on the auction block as part of corporate raider Sir James Goldsmith's dismantling of Crown Zellerbach. A union official explained most of the bidders "scared the hell" out of Omak workers, and they didn't want to be exploited by another Goldsmith.

Partial Buyouts for Concessions

There have probably been hundreds if not thousands of cases during the 1980s in which unionized employees have taken stock in exchange for such contract concessions as

reduced wages, benefits and work rules. Many of these cases have been in industries which were deregulated. In the trucking industry, the employees of 19 major carriers organized by the Teamsters Union, including PIE and Transcon, accepted wage concessions in exchange for employee ownership as a response to low-cost/low-price non-union competitors formed after the 1980-deregulation. Several major airlines became partially worker-owned -- including Eastern Air Lines, Western Air Lines and Pan American -- after the 1978 Air Line Deregulations Act opened the way for cut-rate non-union carriers like Continental, New York Air and People Express.

Anticipatory Buyouts

In recent years a new category of employee buyout has appeared which offers a more proactive and therefore promising outlook for worker ownership in the United States. In these cases ("anticipatory") a few unions and in some cases joint union-management groups have decided to take control of their economic destiny, before serious problems arise, by buying out an essentially healthy employer. Certainly, the Avis buyout fits within this category.

The United Steelworkers of America and the United Auto Workers mounted one of the first attempts at an anticipatory union-led worker buyout when in the spring of 1986, they aided their members in putting together a \$418 million bid, including 9 per cent pay cuts, for Robertshaw Controls Company, a Richmond, Virginia, maker of thermostats. Robertshaw had made a \$25 million profit on sales of \$541 million the year before. Unfortunately, Britain's Siebe PLC outbid the employees. Later in October of that same year, the International Association of Machinist and Aerospace Workers put together a successful \$23 million bid for Chase Brass & Copper Company, a Cleveland-based subsidiary of Standard Oil.

Obviously, the AFL-CIO LBO Fund could become a major facilitative force for the development of anticipatory worker buyouts. It would be possible for the AFL-CIO Research Department to maintain an active research program, similar to those of corporate raiders like Carl Icahn, whereby it would identify and track firms most likely to become targets for a hostile takeover bid using criteria such as the build-up of large cash reserves and pension surpluses as well as having undervalued stocks.

The fund's investment bankers, which will probably be Lazard Freres, could offer to assist employees in buying out all or a large block of their employer's stock, at firms likely to become targets, through an ESOP before the advent of a hostile takeover bid. Anticipatory actions like these would certainly represent a major shift in the power position of workers and significantly limit their vulnerability.

Problems of Power, Conflict and Respect

Although employee buyouts can be separated into at least the five categories outlined above, all of these forms (except the last, which is too new to evaluate) have suffered from a familiar problem, especially after they were first initiated. Typically, this is the result of trying to establish worker ownership without changing the social and institutional context within which it is adopted. This is very much like the biblical parable in which the symbolism of pouring new wine into old bottles was used by Christ. When worker ownership is implemented without fundamentally revamping the organizational culture the results can be disastrous. During the early worker buyouts, the prevailing attitude seems to have been, "These folks don't know anything about stock ownership or business, and they should be grateful just to have a job." Even when workers bought stock directly (as much as 100 per cent), often it was against the law for employees to be on the board of directors. When elected to the board workers were told that they couldn't discuss board actions with fellow employees.

In early ESOP buyouts the situation has been worse. Frequently, deals have been structured so that management alone appoints the trustees and these trustees in turn vote the stock to elect directors -- an incestuous closed circle of influence completely circumventing worker-owners. Where the buyouts have involved leveraged financing, employees have typically been denied voting rights for five to fifteen years, and in some cases have no prospects whatsoever for voting rights. Only where a company's stock is traded on the public market is it required to give employees voting rights in an ESOP.

Two purchase prices

Voting rights are not the only way in which employees have been cheated and treated like second class citizens. They have also been flagrantly manipulated in terms of the value of their equity. This has happened when management and its self-appointed board members give top management stock options or stock at prices well below those paid by employees, either as an incentive to work for the company or as a reward. A new and particularly disturbing twist on this phenomenon appeared in the case of some early LBOs. For example, in the Dan River buyout an ESOP for the employees bought 70 per cent of Class A shares for a price of \$110 million or \$22.50 per share. The remaining 30 per cent of stock (or B shares) was sold to 22 managers at the price of \$2.06 per share. Furthermore a 16

per cent increase in employee A stock would result in a 100 per cent increase in the value of management's B shares.

Similar arrangements have taken place at Blue Bell, Raymond International, Okonite Corporation, etc. In many cases workers have been convinced they must convert their pension plan to an ESOP or terminate it in order to save their jobs.

Surprisingly, local and international union officials, have seldom played a proactive role in defending the interests of workers as each new worker buyout form has emerged. In fact, the response of union officials has traditionally ranged from "hands off" to antagonism. At South Bend Lathe, one of the first and most controversial leveraged worker buyouts, the United Steelworkers of America chose to have no involvement whatsoever in the effort. In the case of trucking industry buyouts, the Teamster's union actually made it more expensive and difficult for their members to save their jobs. Because of their union's position, Teamster members had to pay taxes on seven to twelve per cent wage cuts and then rebate the money back to their employer.

In one of the first worker buyouts through direct stock purchase, the Herkimer Library Bureau, union officers openly opposed worker representation on the board or even shopfloor-participation programs. The union president explained, "We don't want any of that socialist crap. The last thing we need is to start having the monkeys telling the zoo keeper what to do." Even worse, in the case of the Rath Meat Packing Company, the first democratic one-person/one-vote ESOP buyout in the United States, the local union's top officers would constantly find themselves harassed and embarrassed by wisecracks and anti-worker-ownership speeches at international union meetings.

Strikes and Slowdowns

The disempowerment and financial manipulation of workers in employee buyouts has led to anger, disillusionment and rebellion. Worker-owners have gone on strike and staged slowdowns at a number of companies including South Bend Lathe, Okonite Corporation, Rath Packing Company, Jeanette Sheet Glass and Hyatt Clark Industries. Antagonistic relations do little to help the economic success of these worker-owned companies. Eventually they can even lead to failure and bankruptcy, as occurred in Rath and Hyatt Clark.

Even where workers have had considerably more power through board representation and shopfloor involvement programs, management has passively resisted worker ideas and influence. At Eastern Air Lines, management simply stopped showing up to joint labour-management-problem-solving groups, and in one case set up competing "management only" committees which

tried to solve problems before joint and worker committees could do the job. At Hyatt Clark the CEO refused to let worker-directors review management compensation, and would only give the information to the outside and management-directors. Eventually, the worker-directors had to take their company to court to get the information. The list of such conflicts goes on and on. Worst of all, these problems can lead to a win-lose battle in which each side spends the majority of its time plotting to dominate the other rather than co-operating to increase profitability, productivity and market share.

Conclusion

Worker buyouts are not the largest segment of the employee-ownership movement in the United States, but they are very important because they often attract a great deal of media attention and present a powerful, if not accurate, image of the viability of worker ownership as an alternative to traditional capitalist forms of business. Today, many positive developments are occurring in the worker-buyout movement, such as the emergence of anticipatory buyouts of healthy firms and the decision by the AFL-CIO to create worker-buyout fund. Similarly, many managers, union leaders and professional advisors have finally learned that employees cannot be treated as second class citizens and that abusive power relations, whether managers over workers or workers and union leaders over "hired hand" managers, will not work. Thus, at companies like Weirton Steel, Avis, Wheeling-Pittsburg Steel, Kaiser Aluminum and Chemical Company, and many others that have been involved in more recent buyouts, considerable effort has been expended to integrate the interests of workers, management and lenders. Worker representation on boards of directors is gradually becoming standard operating procedure for worker buyouts, as are joint labor-management committees and shopfloor problem-solving teams.

The movement still has a long way to go. Several companies, after a few years of economic success, are now faced with the prospect of having to buy out large chunks of employee equity (a requirement which was built into the plans when the firms reached a specified level of profitability). Successful buyouts also have other companies that want to buy them. Workers are now faced with the choice of making a sizable profit on their investment or remaining worker-owners. For example, an employee-benefits manager at Oregon Steel Mills, Inc. (a buyout in 1984) recently made a \$50,000 profit on an initial investment of \$40,000. "It was fun," the manager stated. Similarly, in early 1988 workers at Cain Chemical sold their 43 per cent share in the company for an offer of 40 times their original investment. A shipping clerk, described the event by saying, "It was kind of a once-in-a-lifetime thing, like winning the lottery."



Rath Meat Packing, 1892.

It is nice to see the average person share in the profits from mergers and acquisitions which have generally created financial havoc for U.S. workers. But it is also unfortunate if, rather than democratizing capitalism and revitalizing U.S. industry, worker buyouts simply become a short-term "quick fix" in which labour is duped into participating in the cannibalization of industry. Even at much acclaimed Weirton Steel, where labour management co-operation and worker participation have been in abundance, the company and its employees are now considering selling 20 per cent of the stock on the public market in order to pay for profit-sharing requirements and the phenomenal growth in the value of worker equity since the buyout. Let's hope that this latest trend is only a temporary phenomenon, that unions and their members will invest more time and thought in the potential of worker ownership for revitalizing the labour movement, and that they will ultimately choose to build upon a foundation of self-governance, co-operation and long-term reward.

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The Northern Breweries buyout

Alive and well after 11 years

by Greg Cameron

In the northern regions of Ontario one will find the nation's only employee-owned brewing company. J.J. Doran, one of the original founders of the company in 1907 and a capitalist of some importance in northern Ontario, had, by 1960, amalgamated and brought under his direct management all the independent breweries in the region.

By August 1971, Doran's Northern Ontario Breweries Ltd. was purchased by Canadian Breweries Ltd., which then proceeded to introduce mainly Carling-O'Keefe brands in Doran's retail stores. Doran's share of the bottled beer market in northern Ontario dropped sharply from 12 to 3 per cent. By 1978 Doran's had become a brand liability to Canadian Breweries and was up for sale. With backing from local banks and credit unions, senior management persuaded 85 per cent of Doran's employees to pool their resources and submit a \$3.75 million bid to buy out the company.

Northern Breweries Ltd., as it is now known, comprises four breweries and currently generates sales of \$27 million (from \$12 M in 1978). The composition of the Board of Directors based on shareholdings is as follows: senior

management (3); unionized staff (2); and office staff (1). In addition, two public directors, appointed by the rest of the board, bring the total to eight. Ninety per cent of the 100 employees currently are shareholders.

Workers have gained

From a value of \$1 in 1978, shares are now worth about \$40. In February 1988, the company for the first time paid dividends. During the buyout employees pooled their own savings and borrowed from local lending institutions; some of the ordinary employees invested as much as \$50,000. Northern has no ceiling on the number of shares owned by an employee. After a waiting period of two years aspiring shareholders must purchase the minimum 25-share block. To ease the financial strain for new employees the company has made it possible to purchase up to 100 shares by payroll deduction.

With a tenuous hold on about one per cent of the Ontario beer market, Northern has expanded its marketing distribution to include parts of southern Ontario, primarily the Toronto area. Their brand names are as follows: Northern Ale, Northern Extra Light, Encore Ale, Superior Lager, "55" Lager, Edelbrau, Silver Spray, Kakebeka Cream Lager, Thunder Bay and Europa (a non-alcoholic brand produced for I.D. Foods Corp.). Europa and Northern Light both won gold medals in the Monde selection in Amsterdam and have received other awards.

Union supports buyout

In a deal finalized in January, Northern voted to sell its pop franchises -- Pepsi Cola, 7-Up, Orange Crush and Canada Dry -- to Pathfinder Beverages of London. Board policy makes it mandatory for all employees, who are covered by layoff provisions in the contract, to sell off their shares within two years either to fellow employees at market value or to the company.

Local 304 of the Brewery, Malt and Soft Drink Workers, comprising 3,200 workers across Ontario, represents the bargaining unit at Northern. Local 304 supported the buyout in order to save jobs as well as to encourage workplace democracy. Wages, working conditions and grievances are dealt with in the traditional manner. The

current three-year contract expires on June 30, 1990. Benefits include a pension plan, a guaranteed wage plan, a complete cost of living allowance (COLA), a weekly indemnity plan and other provisions common to contracts elsewhere. Average hourly remuneration approximates \$15 per hour, slightly below the industry's average.

The fact that most of the union members are shareholders in the company can blur typical workplace antagonisms inherent in the production process. For instance, appeals from management to shareholder solidarity can potentially dissipate the members' trade union consciousness, particularly during contract negotiations. To minimize the contradictions stemming from such a dual allegiance,

individuals on the union negotiating team each represent a certain class of shareholder among the plant employees, thus ensuring the broadest possible representation of interests during the collective bargaining process. As shareholders, these unionized workers have full access to the company's financial statements, and are thus dissuaded from tabling unrealistic monetary demands during negotiations.

Capitalist-Socialists

In certain respects Northern operates within the same market logic as other small businesses. Ross Eaket, the President, claims Northern is a hybrid: "some of the union members were stating that we're making capitalists out of a bunch of socialists. To me it's the reverse...we're making socialists out of a bunch of capitalists." Yet the union has been unable to achieve its goal of direct

representation on the Board that would strengthen its say in the decision-making process, and aside from an auditing committee there is not an active committee structure. Yet 11 years after the buyout, Northern remains a financially-viable company owned by 90 per cent of its employees in a highly competitive industry dominated by two giant corporations. Those who are sensitive to the plight of working people have to be impressed.

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More information about Northern Breweries is available from its president, Ross Eaket, 503 Bay St., Sault Ste. Marie, Ontario T6A 5L9; (705) 254-7373. ♦



Quebec buyout has become a very successful business

by Claude Carbonneau

(Translated by Rosemary Oliver)

Celibec was started in 1981 as a buyout of Selin, a business in financial difficulty, located in Trois-Rivières. A group of workers formed a co-op to revive the operations (see *Worker Co-op*, Vol. 6, No. 2, pp. 38-39). Celibec's success today confirms that their decision was a good one.

Celibec produces electronic and computer systems. It employs about 40 people and has sales in excess of \$3

million. There are nine members (engineers, technicians, administrators, etc.) who form the nucleus. Their involvement has allowed the business to recover from its financial difficulties prior to the buyout. Because of concern about the lack of growth in its membership, the co-op is planning to integrate 15 new members.

Celibec now has more than \$1 million in equity. It has recently invested more than \$800,000 in the business, a first step in diversifying its markets.

Marketing a priority

Celibec markets multi-task, multi-usage computers under the brand name "Alpha-microsystème". It is already the largest Canadian distributor of this type of American-designed equipment, having installed more than 350 large-scale systems. Recently, Celibec started a subsidiary company, ADN Inc., that specializes in computer software for medical clinics. The development plan under consideration is to create a series of subsidiaries for specialized products. The co-op has already acquired the assets of a business providing computer software for dental clinics, and plans are being created for other market sectors. Celibec is very optimistic about the American market which will become more accessible because of the free-trade agreement.

From a buyout of a company on the brink of financial collapse, Celibec has come a long way and appears to have a bright future.

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Celibec technicians at work.

Italy and Spain lead the way

Worker buyouts in six European countries

by Rob Paton

Attempts by workers to take over (WTO) and revive companies in crisis have been a recurring response to the threat of closure, particularly in times of economic recession. In Italy, WTOs have occurred periodically throughout this century and a majority of the worker co-operatives in Italy today originated in this way. Similarly, in the United Kingdom, there are substantial and successful co-operatives that were formed through WTOs during the recession of the 1970s. The current wave, beginning in the 1970s and manifest in varying degrees throughout the European Community, conforms to a clear pattern. While rising unemployment and economic restructuring provide the general context, the incidence of WTOs still varies enormously both within and between countries.

Italy

Italy has had the most extensive and the most successful experience in WTOs, with about 100 cases over the last decade. These generally involve small or medium-size enterprises and usually employ between 30 and 200 people in the re-established enterprises. This experience has been concentrated in particular areas of northern Italy, creating a context in which WTOs have become a normal feature of economic life.

These developments have occurred in the context of an established and growing co-operative movement, which, although institutionally divided according to political orientation, nevertheless commands broad all-party support. The co-operative movement has evolved sophisticated networks, both of commercial consortia and of regional and sectoral support organizations, that ensure close collaboration with political authorities and trade unions. Such networks have been able to provide the financial, marketing and managerial assistance to re-orient failing and failed enterprises in a range of sectors. However, these efforts have put a considerable strain on the resources of the co-operative movement which is increasingly reluctant to accept responsibility for the failures of the private sector. While public funds have been provided to support the transformation of enterprises in crisis, this has sometimes been at the expense of efforts to promote longer-term developments of the co-operative movement in more dynamic sectors.

Spain

The industrialized regions of Spain have also seen large numbers of WTOs, reflecting both the severity of the economic restructuring these regions have undergone and the extent of public support for WTOs over the last ten years.

However, the particular instrument used to provide support initially took little account of commercial requirements; many of the WTO enterprises created by it fared badly. In the last few years new measures have been introduced to provide funds on a more realistic basis, as well as other support, and the situation has changed considerably. One unique feature of the Spanish experience is that a majority of WTOs have used the framework of conventional company law, forming *Sociedades Anonimas Laborales*, rather than co-operatives. Such SALs are now developing their own support organizations and in general the institutional environment for WTOs is evolving quite rapidly at the present time.

France

In France the incidence and reputation of WTOs have both fluctuated sharply over the last decade. During the 1970s the number of WTOs increased gradually, to between 25 and 50 per year in the closing years of the decade, augmenting other changes in what had been a modest and homogeneous worker co-operative sector. Between 1981 and 1983, following the election of a left government and a marked change in policy by major unions, the number of WTOs averaged about 100 per year and included a greater number of larger enterprises. In 1984, however, these policies were abandoned at a national level, following the failure of a number of these WTO enterprises. Nevertheless, between 50 and 100 WTOs per year have continued to occur since then, with the most promising results being achieved in sectors where co-operatives have traditionally had a presence. Throughout this period a number of changes in related national and local government policies, and the evolving expertise of CG-SCOP (the representative body of the worker co-operative movement) have significantly increased the capacity for support for WTOs, even if trade union support has been erratic.

Britain

British experience has been far more limited, with only about 80 cases in total. The poor publicity associated with the three large "Benn" co-operatives in the mid-seventies, the weakness of the existing worker co-operative sector and the considerable popularity of management buyouts (both with financial houses and, it would seem, with trade unions) may have contributed to this, along with skeptical or negative attitudes among many trade union leaders. However, the number of WTOs has tended to increase in recent years, particularly through the efforts of local authorities in relation to local economic initiatives. More WTOs are beginning to emerge in certain areas; and trade union attitudes are being reconsidered. Hence the

capacity to support WTOs is increasing and it is likely that their numbers will continue to increase.

Denmark

In Denmark only 14 WTOs have occurred, with a higher proportion of "conversions" of healthy companies. The great majority of the WTOs have been commercially successful. So the interesting questions are, why there have not been more, and why is there not an increasing trend? Answering these questions highlights the importance of economic and cultural factors and the traditions of the labour movement in understanding the conditions which give rise to WTOs. Nevertheless, the continuing recession, a strong alternative movement and a renewed interest in worker ownership (in relation to debates about economic democracy) suggest that WTOs may not always be such a peripheral issue.

West Germany

In West Germany, there have been only 13 WTOs in the last two decades, but well over 30 attempts. Most have occurred in the last few years where large plants have closed. These efforts have had to overcome a number of obstacles related to the highly centralized and formalized traditions of industrial relations in Germany, including a hostile attitude from many trade union leaders (though the metal-workers union is becoming more sympathetic). In addition the traditional co-operative movement has been politically and culturally remote from these efforts, with support being provided instead through informal networks that have drawn on assistance from the alternative and ecological movements. Perhaps, and partly as a result of this, several German WTOs and attempted WTOs have explored the scope for converting to socially useful and ecologically-sound products. In general, the capacity to support WTOs has increased quite rapidly in the last few years, particularly around Bremen. However, there still is a very limited base and the institutional obstacles remain considerable.

Industries in decline

Attempts at WTOs are more common in industries -- such as metal working, woodworking and textiles -- that are currently in decline, or being restructured, whether as a result of cyclical downturns, technological change, changes in tariff regulations (e.g., in Spain) or as part of wider changes in the international division of labour. In such cases, resisting closure may be impossible because the owners see no scope for a return to profitable operations and

no buyer is available. Unless the workers take it over, the plant will close and remain closed. If unemployment is already high or rising, this may provide incentive enough to consider the WTO option.

Two factors accentuate this general tendency. First, where the failing business is a major employer in the locality, the consequences of closure are likely to be far more severe. An extreme case of such circumstances is provided in areas of Spain where the threat of closure may effectively mean the de-industrialization of the locality.

Secondly, where many of the skills in the threatened plant or firm are industry-specific, the effect of closure on the local labour market will be severe, even if unemployment in general is not particularly high.

These two factors -- local economic dependency and industry-specific skills -- occur in many of the larger and better known cases of WTO, such as Manuest (France), Olympia (FRG), Clems (Italy), and the Scottish Daily News (UK). Such large-scale attempts constitute a particular type



Numac Precise Engineering was a worker buyout in Scotland. The Numac team is seen outside its new factory.

of WTO. They are not, however, typical. Most attempts at WTO occur in enterprises of less than 200 employees and often the number is between 10 and 50.

Other Motivations

Notwithstanding the prevalence of well-publicized WTO attempts in such circumstances, it is essential to realize that many WTOs do not conform to this pattern. Some WTOs occur where employment is not really a problem. For example, where a small or medium-sized enterprise with harmonious internal relationships becomes insolvent, a WTO may be mounted in order to preserve and financially restructure the business. This has occurred even in cases where the labour market for the skills concerned is comparatively buoyant and most employees are unlikely to face unemployment. The motivation in such cases is primarily "firmsaving", rather than "job-saving" -- the case of IKP in Denmark provides an example and there have been others in the Italian newspaper industry.

Although a pure firm-saving motivation is much less common, such a concern has often provided an important supplementary motivation for a WTO (for example, the strong desire of the Meriden workforce in the U.K. to continue producing the Triumph motorbike). Moreover, firm-saving WTOs can and do occur in more dynamic sectors of the economy -- a point of considerable significance for co-operative movements wanting to avoid marginalization in declining sectors.

Given that WTOs can be and are attempted in a variety of closure situations, it is, nevertheless, quite clear that the threat of closure and unemployment does not automatically lead to a WTO being considered. The WTO option is frequently ignored or overlooked. One explanation is that in countries with a well-developed welfare state the "costs" of unemployment for individuals are much less severe than in countries where social-security provisions are far more limited. It would be surprising if this fact did not contribute to the frequency and intensity of attempts at WTO.

Thus in Denmark, where generous earnings-related unemployment benefits are virtually guaranteed for many years, with normal social security thereafter, there had been very few WTOs. By contrast, Italy and Spain, where unemployment benefits are more limited, have seen many.

More fundamentally, however, WTO attempts arise from the beliefs of the workforce that it will not be possible to resist closure in other ways; that the plant is capable of profitable operation (management claims notwithstanding); and that they will be capable of running it themselves. Above all, a WTO attempt is much more likely where the idea has credibility.

Trade Union Attitudes

The WTO option is not easily reconciled with many established trade union strategies and it is often dismissed for this reason. In Denmark the labour movement has traditionally adopted a centralized approach which is reflected both in the preference for trade union (rather than worker) buyouts of enterprises in crisis, and in the current proposals for economic democracy based on central funds. Similarly, the ideological and institutional attachment of the labour movement in the Federal Republic of Germany to co-determination in industrial relations has been incompatible with strategies of self-management and autonomy. Likewise, the fundamental commitment of trade unions in the United Kingdom to collective bargaining has meant that a management buyout is preferable to a WTO as the latter is seen as threatening conventional collective bargaining.

Although WTOs are still considered mainly as a "last resort", trade union attitudes towards this option have become more varied and complex. Considerable differences exist between unions (e.g., in France, in the Federal Republic, in the UK), but also within the same union. Local officials, for example, may actively support WTOs although the national policy is hostile or equivocal (e.g., IG Metal in the Federal Republic). Likewise, union attitudes can vary between regions -- as in Spain, where the experience of WTOs varies very considerably in different parts of the country. The Italian trade unions have had the greatest involvement with WTOs and have probably come closest to a serious endorsement of the WTO option through agreements reached with the co-operative associations. But even in Italy, local trade-union attitudes vary widely.

Variations in the legitimacy and support which trade unions provide for WTOs help to explain the marked variations in the number of attempts that occur in different regions and countries. This point is illustrated in the statistics for WTOs in France, where the CGT union changed from opposing WTOs to supporting them -- and then changed back again a few years later. These shifts in the union's position were one important factor generating a marked but temporary increase in the numbers of WTOs occurring during this period.

Co-operative Movement Attitudes

The presence of successful worker co-operatives where a closure is threatened greatly increases the likelihood that the WTO option will be considered by the workforce. In general, when the worker co-operative sector is broadly based and integrated into an established co-operative movement -- as in Italy and parts of Spain -- WTO attempts are much more common. By contrast, where established co-operative

movements do not include worker co-operatives and are distanced (for cultural and historical reasons) from the labour movement -- as in Denmark, Germany and the UK -- then a WTO is rarely attempted. More recently, however, the new social movements based on alternative and ecological concerns in Germany, and an embryonic 'new wave' worker co-operative movement in the UK, have promoted the idea of WTOs and provided practical support. This has contributed to the increased incidence of WTOs in these countries, though the numbers remain small in comparison with Italy and Spain. Finally, France has an established worker co-operative movement, but one that has been concentrated in particular industrial sectors and one that is not closely tied to the wider co-operative movement. The incidence of WTOs has fluctuated but it is higher than in the UK and less than in Italy.

Not surprisingly, the position of co-operative organizations tends to be influenced by the perceived success of those enterprises formed through WTOs -- as the policy reversals of the French federation (CG-SCOP) exemplify very clearly. Hence the degree of support which co-operative movements have provided for WTOs has varied at different times and in different areas. And this, too, helps to explain when and where WTOs are more likely to occur.

Government Attitudes and Policies

Attempts to mount a WTO commonly include appeals to governments -- whether local, regional or national -- for support. Where support is provided it constitutes a tacit invitation to others to make similar requests. In consequence, questions concerning whether, in what ways, and to what extent public support should be given to WTOs have arisen in most of the European countries. Moreover, it is clear that governments do not simply respond to pressure -- they have also, on occasions, adopted measures that have more or less explicitly encouraged and supported WTO. The clearest example is the instrument used by the Spanish ministry of labour to make funds available to workers to enable WTOs to be established. Although this instrument has since been redesigned to provide commercially more appropriate support, its existence encouraged numerous attempts at WTO and has induced the formation of hundreds of "Labour Companies" since 1976.

The extent of government support and the reasons for providing it vary enormously. Apart from a concern to preserve employment for political reasons, governments of the right have provided support for WTO on the grounds that wider employee ownership will in due course contribute to improved industrial performance and that WTOs will help in the development of an "enterprise culture."

Left-wing parties and governments do not always

support WTOs. Support may be withheld for some or all of the reasons that trade unions have done so.

In general, however, the political orientation of the party in power is less important in understanding its stance than the experience and reputation of WTOs in that country or locality. For example, in Italy, where the co-operative movement has all-party support, and is organized in separate politically-oriented associations, the principle of providing public funds to assist WTOs has long been accepted. In Denmark there is all-party agreement not to promote WTOs. In France the left government which was initially sympathetic to WTOs when it came to power in 1981, withdrew its support partly because of the publicly-perceived failure of WTO enterprises.

The picture is further complicated by differences in attitudes towards WTOs between national and local or regional government. For example, in the UK and the Federal Republic of Germany the national governments have not been sympathetic to WTOs, while various local authorities and state governments have taken steps to support them, or have introduced local employment measures from which WTOs have been able to benefit. Such local and regional initiatives are reflected in the number of actual and attempted WTOs reported from those areas. Similar variations in regional and local government support for WTOs have occurred in Spain, France and Italy.

Overall, then, many WTOs are no longer an entirely spontaneous phenomenon; whether the idea of a WTO is likely to arise among the workforce, and whether it will be seriously considered, is affected by government actions and policies -- whether governments like it or not.

WTO as a cultural phenomenon

The attitudes of trade unions, co-operative movements and governments to WTOs do not develop in isolation. They embody broader cultural and institutional traditions. For example, it is striking that the concentrations of WTOs are highest in Catalonia (Spain) and Emilia-Romagna (Italy), regions that have a strong cultural tradition of mutual aid and self-reliance (apparent in their strong anarchist movements earlier this century). From this perspective, the sharp contrast between the socio-economic structures of Denmark and Italy can be seen as different "historic solutions" to the labour movement's search for greater economic security. Such differences both express and reinforce significant cultural differences -- for example, the strong tradition of a well-developed welfare state and of "individualist" entrepreneurs in Denmark, compared to the more "collective" entrepreneurialism of Italy, in which labour solidarity can be achieved through the market, not only in opposition to it.

Recent developments in the labour movements of France, the UK, and parts of Spain and Germany, can be seen as tentative exploration of possible new "solutions," given the perceived inadequacy of older strategies. As such, the WTOs in these countries are not just a desperate and temporary expedient to preserve employment, but the seeds of possible cultural developments. Whether and to what extent WTOs and more general worker co-operative and worker-owned sectors will in due course become an established element in the socio-economic landscapes of these countries obviously remains to be seen. But if this does happen, the way in which it will gradually come about can be suggested from the limited developments that have taken places so far: in essence, "success breeds success."

A successful WTO tends to stimulate others to consider the WTO option seriously, just as the failure of a WTO, or the absence of any recent or local WTO, makes it more likely the option will be overlooked or discarded. At the same time, successful WTOs tend to legitimize support by the co-operative movement, trade unions, and governments and their agencies (and failure undermines such support). The more extensive and widely based the support for WTO attempts, the more likely they are to succeed and the more likely the enterprises created are to survive and to consolidate. Thus, in due course, the enterprises created from WTOs can strengthen the worker co-operative and worker-owned sectors -- which are then better able to support other WTOs in the future.

Needless to say, these self-reinforcing tendencies either in favour of or against the WTO phenomenon do not operate invariably and automatically. There are numerous cases of isolated WTOs. Nevertheless, the distribution of WTOs and attempted WTOs is far from random: over the last ten years, marked concentrations of WTO activity have emerged in particular regions and localities. For example about one-third of the WTO attempts, and about two-thirds of the successful attempts, in the Federal Republic of Germany in the last five years have occurred in the city-state of Bremen, where an effective support network linking the "alternative" groupings, labour-movement organizations and government agencies, has developed. Similar networks and concentrations of WTO activity seem to be developing within the UK in Scotland, Yorkshire and London. Likewise, the political and economic strength of the co-operative movement in Andalusia has increased considerably in recent years and it has had considerable involvement with WTOs.

However, if this long-term cultural perspective offers some inspiration to nascent worker co-operative movements and to those involved in supporting WTOs, it also provides a caution against assuming that the experience of one country can be readily reproduced in another. If ideas and practices are transferred it will always be in relation to



Windorama, a Scottish worker buyout, operating successfully since 1984.

existing institutions and traditions so considerable variation is to be expected. For example, in Spain, the legal framework for Labour Companies provided the vehicle for the initial rudimentary scheme of state support for WTOs. In consequence, hundreds of such companies (and they are not co-operatives) were created and they have now established their own secondary organization -- a development that has no parallels in any of the other countries studied. Moreover, institutionalizing the practice of WTOs involves a cultural change that cannot be easily engineered. For example, many situations which in Spain or Italy would prompt a WTO have, in the UK in recent years, prompted a management buyout -- usually with the blessing of the trade unions involved. Although this is a recent phenomenon, the practice is already well established

and has even stimulated the emergence of specialist financial institutions. In effect, management buyouts have fitted easily into the existing cultural pattern in the U.K. Even if WTOs were given more support and the number increased, it is hard to imagine, in the foreseeable future, the WTO option being preferred in the contexts in which management buyouts are now occurring and seen to be successful.

Rob Paton is a researcher with the Co-operative Research Unit, The Open University, Walton Hall, Milton Keynes, United Kingdom MK7 6AA. The preceding article is taken from a 233-page report, "Analysis of the experiences and the problems encountered by worker takeovers of companies in difficulty or bankrupt," published by the Commission of European Communities, Brussels, Luxembourg, in 1987. ♦

ESOPs become popular as a buyout tool in Britain

by Norma Henderson

The growth of ESOPs in the U.K. can be attributed to the contribution from Unity Trust Bank, the trade-union-controlled bank. The ESOP programme through Unity Trust is available to all types of companies. Unity Trust lends money to an ESOP trust in order that it can buy either new or existing equity. The company normally uses this cash injection in accordance with an agreed-upon business plan. A proportion of the extra profits generated by the new equity is paid by the company into the ESOP trust on an annual basis, provided certain agreed-upon targets are met. Eventually the ESOP can discharge its indebtedness to Unity and subsequently hold its shares free of charge on behalf of the employees.

A First

An example of this arrangement is RoadChef, the largest privately-owned motorway service company in the U.K., and, with the help of Unity Trust, the first U.K. company to institute an ESOP. Under the RoadChef-ESOP, the company's 700 workers are eligible for a free issue of shares after three years of employment. In the first year of the scheme, the company decided to give out 100 shares for each year of service, up to a maximum of ten years. Subsequently, each employee will receive an equal number of shares, about 125, on an annual basis. Currently about half the employees of RoadChef are eligible to receive shares.

Employees who leave the company through retirement, injury, disability, death or redundancy, will be able to sell the shares back to the Trust at market value. If they leave for any other reason, then either they sell back at the value which applied on the day that they joined the scheme, or at a lower value, if the share price at departure is lower.

If they keep the shares for the full five years during which the initial plan is to run, then there will be no tax payable. If they sell back before the five years are up, then income tax is payable on a sliding scale relative to the length of time the shares have been held in trust.

Twin Trusts

The RoadChef-ESOP is operated through twin trusts, the Employee Benefit Trust and the Profit-Sharing Trust. The Employee Benefit Trust used the money which it raised from Unity Trust Bank to buy shares from existing RoadChef shareholders. The company itself has provided a similar amount of money to the Profit-Sharing Trust to pay for a new-shares issue, to be used for the first year's distribution to staff. In the future the company will make further contributions to the Profit Sharing Trust, which will then buy further shares, as required from the Employee-Benefit Trust, for distribution to employees.

Both the business and the employees can benefit

substantially from the operation of an ESOP. Employees benefit from the shares they receive, particularly if, as in the case of RoadChef, these shares are issued free and without any cut in salaries. Even if the employees are required to contribute towards the cost of the shares, they should still benefit if the company is a viable business concern.

The company benefits from the injection of capital raised from within. The existence of an ESOP may be crucial in defeating an unwelcome takeover bid. The company can get tax relief on the shares it issues, and should benefit from the increased motivation which might be expected from a workforce with shares in the business.

Reaction to ESOPs from the established co-operative movement in the U.K., as represented by ICOM and the like, has been cautious. However, the general

response to ESOPs is becoming more positive. Given the failure of the state-funded buyouts (the so called "Benn Co-ops," Meriden, K.M.E. and the Scottish Daily News), ESOPs seem to be one viable method of increasing employee participation in larger firms.

Companies other than RoadChef which have taken advantage of the ESOP scheme include the Hampshire-based Provincial Bus Company (now the People's Provincial Buses), Doncaster Wagon Works, City Vehicle Engineering in Durham, and Llanelli Radiators.

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Many types of worker buyouts in British Columbia

by

Melanie Conn & Dana Weber

In British Columbia worker buyouts include small retail and service enterprises, large sawmills and maintenance services that previously were publicly-owned. Some buyouts are worker co-ops, though others have a more conventional business structure. Unions have taken a leading role in some cases.

Union took the lead

Victoria -- If there is a common theme, it's "We saved our jobs." That's how an original member of the B.C. Cafeteria Co-operative in Victoria responded to a question about the history of the co-op. In the Fall of 1986, the B.C. Government Employees Union (BCGEU) assisted the 10 employees to buy out two cafeterias from the society that had been operating them for many years. Faced with an almost 300 per cent rent increase when the provincial government's profitable development corporation took over the building, the society was eager to sell the business. The BCGEU, which holds one membership share in the co-op, negotiated a smaller rent increase, provided technical advice and an operating loan for the first year. Initially, no share capital was required; now, a membership share is \$1500. There are currently seven worker-members earning "better than average wages for restaurant workers."

Two publishing buyouts

Vancouver -- Another worker buyout story began in May, 1982, when seven production employees of a

Vancouver publishing company were laid off with two weeks notice. Two months later, after arranging with the owner to take over the lease and equipment loans, the group formed Baseline Type and Graphics Co-operative. Known in the community for high-quality work, the co-op had been enjoying a healthy growth of about 10-15 per cent in yearly sales. The current staff of five includes three of the founding members. Membership shares have increased from \$10 in 1982 to \$3,000, to be paid by payroll deduction of not more than \$500 per year. Baseline continues to have a high level of member participation in decision-making.

The Granville Book Company is also a worker buyout, but with a conventional ownership structure. Just two years ago, the absentee-owner of the bustling bookstore on theatre row in downtown Vancouver sold the four-year lease and fixtures for \$1 to the manager. The business wasn't losing money but "it wasn't too profitable." Although the manager still owns 52 per cent of the shares in the company, two other previous employees are also shareholders. The three additional staff do not own shares, but participate in a profit-sharing plan. According to one shareholder, the business "operates as if everyone is an owner," encouraging creative input from all staff and making many decisions (such as ordering) collectively. Some good publicity accompanied the buyout and customers respond positively to the co-operative attitude of staff.

Union decertified at Victoria

Victoria -- There are several examples in B.C. of large, industrial worker buyouts. Victoria Plywood

Co-operative was formed in 1985 when the closure of the mill put 185 employees out of work. The early history of the co-op was controversial. Because the success of the business plan depended on paying considerably less than union wages, the founding members applied for de-certification as an International Woodworkers Association bargaining unit. The current worker-membership is 190 with 20 non-working members. The membership share requirement is \$2500, as it was initially. All management is recruited from the membership. Although the co-op has no formal education program for members to increase their participation in decision-making, participation has "improved somewhat" according to the general manager.

At first it seemed that the Victoria Plywood experience sounded the death knell for union-co-op collaboration in British Columbia. In fact the IWA has gone on to initiate other worker buyouts in the province.

The Cause Celebre

Sooke -- Lamford Mills, a forestry company with plants in Westminster and Sooke, is one of British Columbia's best known worker buyouts, having won a Canada Award for Business Excellence which brought the company much favorable publicity in the media. The Lamford buyout was strongly supported by organized labour (The International Woodworkers Association, Locals I-357 and I-118).

The buyout was completed in 1986. It inherited some good fortune, because the previous owners had invested heavily in modernizing the plant. The company had been forced into receivership because of a sharp increase in interest rates and a downturn in the forestry industry.

While Lamford is generally considered a success (its 1987 sales of \$45 million were double those of the old company in its last year), the most recent economic news has not been good. Demand for the company's products is cyclical, and at present it finds itself "climbing out of a hole." The downturn has meant some staff reduction and member turnover. Nevertheless, new workers who have been hired in the process have all become shareholders. Lamford is a limited company, but each member holds only one voting share. Its board consists of one salaried employee and one hourly-wage employee from each of its two operations as well as four other members selected from outside the membership. Outside board members include one from the IWA and a banker. Lamford conducts a comprehensive education program for new employee-owners, with topics that include shopfloor safety and the rights and responsibilities of shareholding members.

Another buyout in the works involves the purchase of Weldwood Plywood in Vancouver. The IWA has completed a financial report which proposes the equivalent of employees' severance pay (approximately \$4.5 million) as the purchase price. The plan involves financial support from the provincial Ministry of Regional Economic Development. Although the operation had been marginal, with rollbacks in wages, the plant is expected to be viable.



Lamford Mills, a highly publicized buyout.

Privatization fallout

Victoria -- The largest-scale worker buyout in B.C. was a direct result of the provincial government's privatization in 1988 of Road and Bridge Maintenance service. The BCGEU fought to bid for the services as a province-wide package. The union argued that the public would be far better served by a co-ordinated administration and that more workers' jobs would be saved. However, the provincial government proceeded with its plan to carve up the Maintenance service into 28 contract areas. Eleven contracts are now held by employee groups which involve almost 1000 workers. None is incorporated as a co-operative, although employee-shareholders are encouraged to participate in decision-making. The president of one of the buyouts, the Smithers company, says that participation has improved, compared to the first few months after conversion, although "we are still trying to forget how to be good public servants."

A BEGEU representative pointed out that all but one of the employee-group contractors are in the northern areas of the province where the extent of snow removal required will make the business unprofitable; the "good" contracts in the south went to conventionally-structured companies. If this assessment is accurate, jobs in the employee-owned companies won't be safe unless the public pays higher rates for the service. For many British Columbians, that is not an acceptable scenario.

The range of experience with worker buyouts in B.C. illustrates some successful models. It also indicates that many factors need to be considered for worker buyouts to be integrated with healthy community economies.

Melanie Conn and Dana Weber are co-op activists and consultants in Vancouver. For more information they can be reached at 206-33 East Broadway Ave., Vancouver, B.C. V5T 1V4.



Courtesy Steelabour

Labour Venture Fund

Regina (Canadian Press) -- The Saskatchewan government will provide a tax credit of 20 per cent to investors in the Canadian Federation of Labour's Working Ventures Fund. Share capital raised in Saskatchewan will be invested in small and medium-sized businesses in the province. In addition, Ottawa will give

investors a 20 per cent tax credit and the fund will receive \$15 million over seven years for start-up costs. Presumably as with the Quebec Federation of Labour's Solidarity Fund, worker co-operatives in Saskatchewan will be eligible for investments through the CFL fund.

Provincial government program key to Manitoba buyouts

by

Jeremy Hull

Winnipeg -- Since 1984 when the Manitoba government established its Employment Co-operatives program there have been about 30 incorporations, including a handful of buyouts. Many of the incorporations are undertaken to become eligible for government financial guarantees. However, they never take the next step of becoming active businesses. The buyouts stand out as the largest worker-owned enterprises in the province.

Vent Air after four years

This co-operative, a commercial heating and ventilation systems installation business, was formed in 1985 from the ashes of Air Flow which had gone into receivership.

As reported in the *Worker Co-op* magazine (Volume 7, Number 3, pp. 36-37) two of Air Flow's managers, Con Roy and Ralph Kubic, initially wanted to purchase the company themselves, but lacked sufficient capital. After approaching banks, including the Federal Business and Development Bank, without success, they turned to the provincial government Employment Co-operatives program. In order to satisfy the requirements of that program and to obtain its loan guarantees for financing, a worker co-operative consisting of 10 members was formed. In addition, Kubic and Roy each made a large personal loan to the co-operative.

Ralph Kubic now reports that Vent Air is suffering from a slump in the construction industry, and that its total workforce is currently 25 people (down from its high of 50) of whom 6 are co-op members. The remainder are casual or part-time employees. He feels that they are successful, but that it is a struggle. He continues to see the co-op model as a good way to organize the business and perhaps the only way that would have worked in their case.

Vent Air's workers are represented by the Sheet Metal Workers Union, Local 511, as was Air Flow's workforce prior to the buyout.

An unusual birth at United Messenger

This Winnipeg parcel-delivery company differs from the typical worker buyout in two respects: first, the co-operative does not embrace the entire business but provides only office administration, marketing and dispatching for independent driver-owners; and second, United Messenger was born in 1987 out of a strike in response to management proposals that would have cut driver-owners' commissions by about \$8,000 - \$9,000 annually (see *Worker Co-op*, Volume 7, Number 4, pp. 30-31).

Northern Express, the company out of which United Messenger was created, was losing its clientele following two changes of ownership within a three-year period (the last owner being Air Canada). Led by the in-house union and with the support of the International Association of Machinists and Aerospace Workers (who wanted to absorb the in-house union), the driver-owners established United. The co-operative experienced the usual frustrations of raising financing from conventional sources and even from the Employment Co-operatives program. Financing eventually came from loans from six senior staff, \$1,000 of shares from members and a line of credit from a local credit union.

Manager Ralph Morton reports that United now has 85 driver-owners along with nine office staff, seven of whom are co-op members. This is up from the 57 drivers that they reported when they had just begun operations in the fall of 1987.

The business has been going well and after the initial period of rapid growth, the number of drivers has stabilized. The co-op expects to pay out its first profit-shares to members this fall. However, competition in the delivery business is fierce and this exerts a lot of pressure on the drivers. Turnover in the car-delivery division (as opposed to the truck division) is high, even though there is a three-month probation period for new members.

Accu Graphics: a small conversion

This worker co-op was formed in 1985 when the Wallingford Press, a Winnipeg company, wanted to divest itself of its graphics operation, (see *Worker Co-op*, Volume 5, No. 3, p. 21). Accu Graphics now has five members, up from the three that formed the co-op. Each member has invested \$3,500 and the co-op received a loan guarantee from the Employment Co-operatives program. Accu Graphics has gradually become less dependent (45 per cent at present) upon the Wallingford Press for its business.

Conclusions

Two other worker co-op incorporations which evolved from existing businesses no longer exist. Anik Tail Tanning

was incorporated, but did not become operational because a private owner undertook the buyout. Big Badger Drilling (oil-well drilling) operated successfully for two years before being sold to another company.

Three factors have made it difficult to undertake buyouts in Manitoba. First, the worker co-op option is not well known and is usually considered as a last resort. Second, it is difficult to organize a group of workers quickly as is required in a buyout. Third, many buyout opportunities are a bad risk.

Jeremy Hull is a consultant with WMC, 200-651 Croydon Ave., Winnipeg, Manitoba R3M 0W3; (204)453-6137. ♦

Worker co-op meeting

Toronto -- Eight Toronto worker co-operatives have been meeting monthly since February to discuss such issues as paying a competitive wage, ensuring democratic management, joint training sessions, exchanging information and resources and creating a federation.

More information is available from **Paul Gibbard**, The Big Carrot, 348 Danforth Ave., Toronto, Ontario M4K 1N8; (416) 461-2129. ♦



Some participants at the meeting of Toronto worker co-ops enjoying Black River juice.

Worker buyouts in Ontario have mixed results

by

Judith Brown

While several worker buyouts have been attempted in Ontario, few have been successful. Common problems have been financing and a lack of organized support.

Canadian Porcelain: an idea whose time did not come

Hamilton -- Canadian Porcelain, a manufacturer of high-voltage ceramic insulators was the target of a worker buyout attempt in 1984. Originally a family-owned business created in 1912, Canadian Porcelain was bought by an American transnational in 1958. In 1981 the company was returned to Canadian ownership. However, two decades of mismanagement compounded by the inexperience of the new owner led the company into receivership in 1984.

Plant workers and their union -- Aluminum, Brick and Glass Workers, Local 249 -- organized to negotiate a worker buyout. With the support of the community and local politicians and the inspired leadership of its president Bill Thompson, the Canadian Porcelain Co-operative was incorporated and bid \$1.1 million for the firm.

Subsequently a \$1.25 million offer was made by Lapp Insulator, an American competitor that had participated in dumping ceramic insulators onto the Canadian market, and thereby driving Canadian Porcelain into receivership. While

the co-operative quickly raised its offer to \$1.3 million it was told that the sale to Lapp was final. Pressure on the Foreign Investment Review Agency and the Federal Cabinet failed to overturn the decision.

The company remained in business for the next two years, expanding sales and improving product quality. However, in 1987 Lapp decided to close the plant. Lapp suffered minimal losses because the company was bought at a bankruptcy price, the plant was located on a prime residential site, the equipment could be transferred to Lapp's U.S. locations and Canadian competition was eliminated. (Therefore anti-dumping tariffs would be removed.) While the Hamilton plant closed, Lapp Inc. of New York profited.

Pioneer Chainsaw Inc.: 1978-1984: RIP

Peterborough -- In 1977, Outboard Marine Corporation (OMC), an American conglomerate, announced intentions to close its Peterborough plant, citing its \$5.6 million loss in the previous year. Workers at the plant were confident the business could be made profitable by eliminating the production of outboard motors and concentrating on the manufacture of chainsaw powerheads and cutting attachments. After a favorable feasibility study, workers solicited the assistance of Joe Mason who had organized the successful worker buyout of the Temiskaming paper mill.

Mason engineered a \$7.6 million financial package. Government financial agencies, including the Federal Business Development Bank, provided loan guarantees and direct funding of \$7.35 million and received 25 per cent of the voting shares. Mason's investment group received 51 per cent of the shares for providing \$272,000 and the workers received 24 per cent for their \$128,000 contribution.

The new company -- Pioneer Chainsaw -- was a success, finishing its first year with profits of \$17 million. The company's turnaround sparked the interest of AB Electrolux, a Swedish conglomerate seeking entry into the North American market. The Swedish firm offered Mason and the workers \$16.35 per share (shares worth 50 cents a year earlier) on the condition that the EDB shares could be secured for \$2.50 each.

To allay workers' fears that AB Electrolux would merely strip Pioneer of its technology and European markets, the Swedish conglomerate agreed to maintain the plant in Peterborough, give workers and management a majority on the Board, spend \$25 million to expand the company and create 1,000 new jobs within a five-year period.

All but 16 per cent of Pioneer's shares were sold. With 84 per cent interest, Electrolux reneged on its promises. The corporation exported the technology to Europe and usurped Pioneer's European markets. In July 1984, AB Electrolux shut down the Peterborough plant.

The Beef Terminal: 1979-1987: RIP

Toronto -- In 1979, after a difficult year in the packinghouse industry and an unsuccessful attempt to sell the Beef Terminal, Junction holdings closed the 160-employee firm. Plant Supervisor Jim Wilson and eight other members of the original management group believed that a profitable business could be created if the comprehensive slaughterhouse was reorganized into a custom slaughterhouse for butchering cattle that were brought to the premises.

This simplified operation reduced many of the firm's previous problems. However financing the venture became problematic. As a result, the group decided to lease the slaughterhouse for three years with an option to buy. Start-up capital of at least \$3,000 per worker was secured from a select group of about 30 employees from the previous firm. The procedure for selecting workers led to a bitter dispute with the union local (amalgamated Meat Cutters and Butcher Workmen of North America) and to eventual decertification.

While the new employee-owners' working relationship with management did not change much from the previous company, the workers each held a common share and were able to elect three of the seven-member Board of Directors.

By the end of the second year, workers shared in the company's \$200,000 profit.

However, the last few years have been difficult ones for the slaughterhouse industry, with several firms closing across Canada. The Beef Terminal was unable to weather this period and went bankrupt in 1987. The company's assets were bought by two outside individuals who retained many of the Beef Terminal's employees to run the custom slaughterhouse operation.

Comfort Clothing Services: Still afloat

Kingston -- Comfort Clothing Services is a company that manufactures adaptive clothing for the physically handicapped and the elderly. Originally created as a community economic development project aimed at employing single parents with little work experience, Comfort Clothing was able to obtain financing from the Canada Employment and Immigration Commission's Local Employment Assistance Program (LEAP). The non-profit business opened in 1978 with the intention of developing experienced workers who would become the company's owners over a three-year period.

The project's Board of Directors was initially composed of outside volunteers. By the end of the second year, workers outnumbered volunteers on the Board. However, the problems associated with developing a small business with workers who had little previous experience were more difficult than originally anticipated. When LEAP funding was discontinued, financing became difficult. The company was subsequently purchased by a few of the original members of the project.

Since that time some of these workers have left the company. Their shares have been bought by other employees as well as individuals who do not work for the company. While Comfort adheres to a more progressive management-style than most in the industry, the company has fallen far short of its original vision.

Northern Breweries: one of the independents

Sault Ste. Marie -- Northern Breweries, a successful worker buyout with its head office in Sault Ste. Marie, has been operating profitably since 1978. A detailed account of this firm is provided in this issue's "Profile" section.

Jubilation Bakery celebrates its opening

Toronto -- Jubilation Bakery, Toronto's newest worker-co-op, began operations in September 1988. The co-op currently has four members, with other workers on probation. Operating as a wholesale bakery, Jubilation specializes in dairy-free and egg-free baked goods. The produce is sold to other wholesalers and retail outlets. Three of Jubilation's largest clients are also co-operatives -- The Ontario Federation of Food Clubs and Co-operatives, Karma and the Big Carrot.

Jubilation's workers were able to secure financing from sources that encourage co-operative entrepreneurship: the Robert Owen Foundation and Carrot Cash (a fund set up by the Big Carrot to assist new co-operatives and producers of organic food). Member's loans were financed through Bread and Roses Credit Union.

With the public increasing its concern about health and nutrition, Jubilation's future looks bright.

Inglis Ltd.: A buyout in the making

Toronto -- A worker buyout is currently being discussed among union officials and 600 Inglis Ltd. workers, scheduled to lose their jobs when the Toronto appliance-manufacturing plant closes in 1991. Workers claim



A worker buyout is being considered at Toronto's Inglis plant slated for closure. Pictured above are President, Mike Hersh, and Vice-President, Bev Brown, of the United Steelworkers of America, Local 2900, at Inglis.



Toronto Inglis plant scheduled to close.

that mismanagement and the free-trade agreement, which eliminates a 12.5 per cent tariff on appliances over 10 years, are responsible for the closing. Inglis's parent company, Whirlpool, is expanding its operation in Clyde, Ohio, to service the Canadian market.

At press time Mike Hersh, president of Local 2900 of the United Steelworkers of America, said a feasibility study for a worker buyout was being planned. According to Leo Gerard, director of Ontario's Steelworkers, the union will seek federal and provincial assistance if the feasibility report is positive. Noting the federal and provincial assistance recently offered to Goodyear Canada Inc. and recent grants worth \$4 million given to Inglis Ltd. to buy assets from Admiral, Gerard argues that Inglis workers (who average 47 years of age and 15 years of experience at the plant) are also entitled to assistance. An important factor in the Inglis situation is that the United Steelworkers of America has taken a strong position in support of worker buyouts (see feature story in this issue). Coincidentally, Lynn Williams, President of the USWA, is a member of Local 2900 at Toronto's Inglis plant.

Judith Brown is a doctoral student in Community Psychology at the Ontario Institute for Studies in Education, 252 Bloor St. W., Toronto, Ontario M5S 1V6; (416) 923-6641. She did her Master's thesis on the utility of worker ownership for the psychiatrically disabled, and her doctoral dissertation involves a study of employees as stakeholders of parent childcare co-operatives. •

Some successes and some failures among Quebec buyouts

by Claude Carbonneau
(translated by Rosemary Oliver)

In Quebec there have not been many worker co-op buyouts of closing enterprises. Of six recent businesses started under these conditions, three are successes, two were failures, and there is uncertainty surrounding one other.

Celibec: the big success

Trois-Rivieres -- This worker co-op that specializes in the production and distribution of computer software systems is featured in this issue's "Update" section. From the buyout of a privately-owned company on the brink of financial collapse, Celibec has become the leader of its field in Quebec.



Workers at Celibec

A worker buyout with a difference

Sacre-Coeur -- Boisaco, a sawmill located in Sacre-Coeur by the Saguenay River, is not in itself a worker co-operative. Rather, 66 per cent of its shares are owned by a worker co-op (Unisaco) and a forestry co-op (Cofor). Local investors own the remainder.

Several years ago after experiencing a lot of financial difficulty, Boisaco had to shut down. The local population decided to revive the business in order to ensure stable employment in the region.

Boisaco is now in excellent financial health. The arrangement with the two co-operatives that own it is quite interesting. Unisaco is responsible for management and Cofor, the forestry co-op, has members who are employed at the sawmill.

Cuir Valois (Valois Leathers)

Acton Vale -- Several years ago, a small business in Acton Vale in the l'Estrie region closed its doors, putting all its employees out of work. This business specialized in the production of leather clothing. After this closure, the workers decided to organize a co-op and restart the business.

The co-operative, Les Cuir Valois, is now a very healthy enterprise which employs 45 workers. It produces high-quality leather clothing that is sold in specialty boutiques and its own store.

Recently, the co-operative acquired a building for both its production and its retail outlet.

Only one Cadiex Cadimac remains

Rimouski -- Among the buyouts that did not survive are most of the Cadiex-Cadimac truck-repair worker co-ops. Following the closure of firms that handled distribution and repairs for Mack trucks in several Quebec cities, the mechanics decided to organize themselves into co-ops and re-open the garages. At one point, there were six such co-ops. They were also organized into a federation to get better services for their members (group rates, etc.). Now, the only remaining Cadiex co-op is in Rimouski.

The Cadiex co-ops suffered from inexperienced management and difficulty in getting parts from international companies. Faced with the prospect of business failure, members took the first available opportunity to sell their assets. The Rimouski co-op survived because it became a distributor for Mack trucks.

Les Uniformes Trasso went quickly

Montreal South Shore -- Trasso, which employed close to 200 workers, had serious financial difficulties. Prior to the workers, the government had tried unsuccessfully to rescue the business. Taking into account the poor circumstances, the last desperate effort at a worker co-op buyout never really had a chance.

Previous attempts to save Trasso involved minority investments by the workers. By the time the co-op was created, the workers were disillusioned. Trasso was beset by internal conflict and a lack of co-operation.

A very recent buyout

Varenes -- Produits hydrauliques de Varenes was a very recent buyout. This worker co-op acquired the assets of a closed business that had specialized in the manufacturing of hydraulic products. There were some immediate difficulties in marketing. However, corrective measures have been adopted, and it is expected that the co-op will recover.

Other Acquisitions

These few examples suggest that it is difficult to revive a business after it has been shut down. The problems that lead to closure are often impossible to overcome. In some

situations, it is possible to start up again with success. The increased motivation of the workers when they become owners can make the difference in these cases.

Acquisitions leading to the creation of a worker co-op go more smoothly, if the company being purchased is in good shape. Recently, four worker co-ops have acquired ambulance companies (see *Worker Co-op*, Vol. 8, No. 3, p. 25). This type of transaction usually presents few risks, because there is continuity between the worker co-op and the previous company. Unlike a buyout of a closed business, the service is maintained throughout the purchase.

Claude Carbonneau is the information officer of the SDC, 430 Chemin Ste Poy, Quebec City, Quebec G1S 2J5; (418)687-9221. ♦



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Alive and well

by Frank Driscoll

North Lake -- Prince Edward Island's only worker buyout in recent years resulted when the United Maritime Fishermen's Co-op went bankrupt in May, 1988. The North Lake Fishermen's Co-op consisting of 40 fish catchers and 30 plant workers produces a variety of high quality frozen-fish products. North Lake's board has a multi-stakeholder structure representing the fish catchers,

plant workers and local credit union. One year after the buyout, the co-op is doing well.

For more information, contact Frank Driscoll, Ministry of Industry, Government of Prince Edward Island, Box 2000, Charlottetown, P.E.I. C1A 7N8; (902)368-4240. ♦

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Worker buyouts not common in Nova Scotia

by
Veronica Gillies

There have been a small number of worker buyouts in Nova Scotia over the past decade. Of those that have been attempted, three are alive and well.

Fish farming the co-op way

St. Peter's -- In April 1987, employees of the St. Peter's Fish Hatchery were told that the Nova Scotia government would be selling the business. Three local men, two of whom were employees of the hatchery, and the Richmond County Development Corporation formed Salmonid Propagation Associates Co-op (SPA) and submitted the winning proposal to take it over.

Part of that proposal included plans to establish a demonstration farm on the Bras d'Or Lakes and to set up a satellite system of aquaculture. SPA felt such growout operations would prevent special interest groups from having a monopoly on the supply of seed stock and would provide supplementary incomes to local families who could grow the fish as a sideline. Four operations have been established so far, with SPA offering technical and marketing assistance and guaranteeing them a supply of fish.

Since December alone, SPA spawned over a million rainbow-trout eggs. The co-op is one of only three operations in the province with the necessary quarantine units for Arctic Char (of which it has 23,000 out of only 29,000 in the province). With two different stocks of the Char, the members are optimistic they have the genetic diversity as well as the numbers to go into large-scale production.



David MacNearney, managing director of Salmonid Propagation Associates (SPA) Co-op, in St. Peter's, Nova Scotia.

Slaughterhouse branches out

Bible Hill -- When the 15-year-old Brookside Abattoir was put up for sale in 1986, members of the Northumberland Lamb Producers Co-op feared they would have to travel to Antigonish to have their lambs slaughtered. So the co-op's 40 members authorized the board of directors to make an offer on the abattoir. They formed the Brookside Abattoir Co-op and successfully negotiated its purchase from the previous owner, who even agreed to continue holding the mortgage.

The abattoir has continued to operate successfully since its incorporation as a worker co-op. Besides assuring that its lamb, beef and pork can be slaughtered locally, the co-op has branched out into processed meat. It is also researching other ways of expanding its market.

The greening of Nova Scotia

St. Peter's -- Lori Hough started a greenhouse business for bedding plants in 1983. After operating independently for four years, the business was ready for expansion. Since she wanted to remain in the production end, she looked for partners with both technical and managerial skills. In 1987, Connie Stewart and Kathleen MacNearney bought equal shares in the business and the three incorporated as The Greenhouse Co-op.

During its first year of operations, the co-op bought land on which to build two more greenhouses and still broke even.



Members of The Greenhouse Co-op share a laugh at a recent workshop. From left: Kathleen MacNearney, Connie Stewart and Lori Hough.

Other attempts

While these businesses have all successfully made the switch to a worker co-op structure, others have not been so fortunate. Island Sanitation Supplies Co-op was formed in 1986 by three people who took over a faltering cleaning supplies business, only to go bankrupt less than two years later. According to the trustee, the co-op lacked sufficient operating capital to buy the inventory required to supply its clients.

In another buyout attempt, Glace Bay Workers Co-op, has been trying for two years to take over McKinlay & Sons Ltd., a soft-drink production business. While the co-op was busy making rental, marketing and financial arrangements, the faltering business closed its doors at the end of January.

According to Gerald McKinlay, the third McKinlay to run the business since 1905, the equipment was outdated and the building too small. However, he is hopeful financial arrangements will be finalized soon for renovations to a nearby, larger building and for new equipment needed to fill plastic bottles. The Glace Bay Workers Co-op, of which he and the 11 former employees are members would employ seven more people and expand its market to the entire Atlantic region.

Hough new CDC manager

St. Peter's -- Peter Hough of St. Peter's is the new manager of the Community Development Co-operative, the province's only worker co-operative support agency.

Hough believes that it is fundamental that worker co-ops "understand the importance of having a business plan." He has extensive business experience in worker co-ops and previously in the private sector.

For more information about the services offered by the CDC, Peter Hough can be reached at P.O. Box 5, Sydney, Nova Scotia B1P 6G9; (902) 539-4600 or 535-3129.

Veronica Gillies is a communications assistant with the Innovations Project, St. Francis Xavier Extension Dept., Antigonish, Nova Scotia B2G 1C0; (902) 867-2348. ♦

COOP

de
Travail

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Le mouvement coopératif au Québec

Vers une nouvelle unité ?

Monsieur Magella
St-Pierre, vice-président
conseil aux relations
avec le mouvement
coopératif au sein de
Desjardins du Québec,
répond à nos questions
en pages 4 et 5



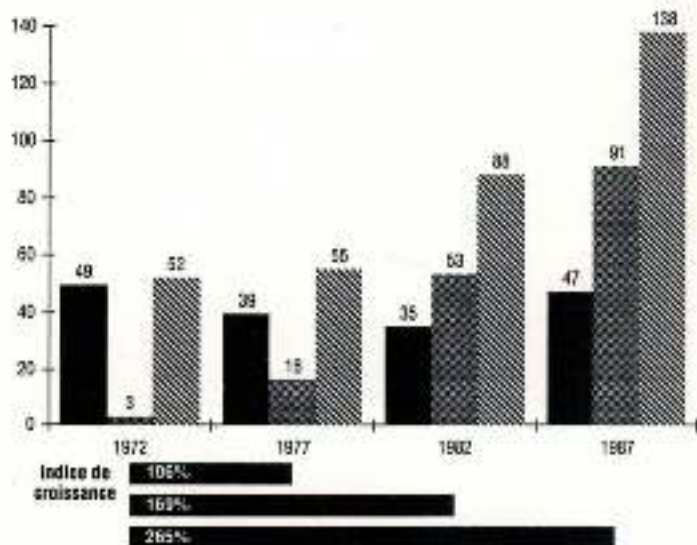
Les coopératives de travail en action

NDLR: Pour ce numéro sur l'ensemble de la coopération au Québec, *COOP de travail* présente certaines informations statistiques pour aider le lecteur à situer la coopération de travail à travers son historique économique depuis 1972. De ces statistiques, provenant de la Direction des coopératives du ministère de l'Industrie, du Commerce et de la Technologie, sont exclues les coopératives de taxis.

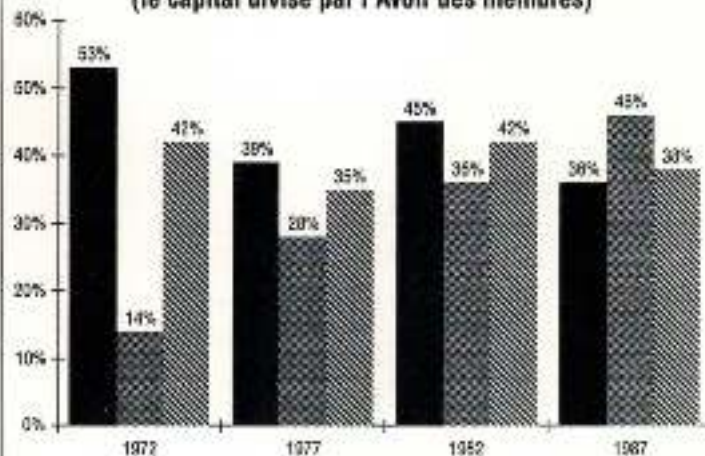
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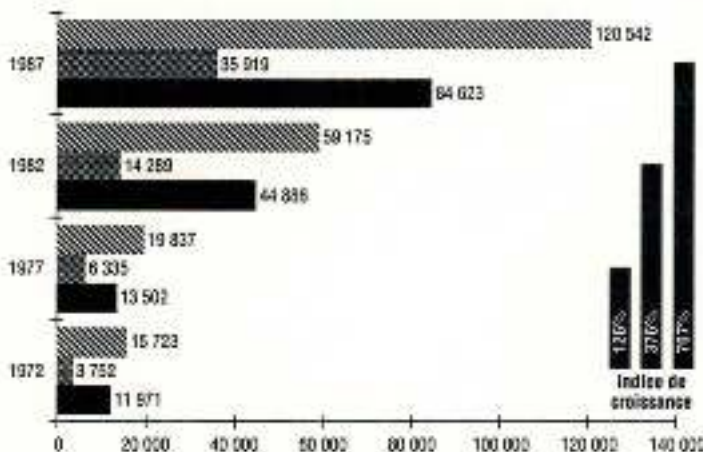
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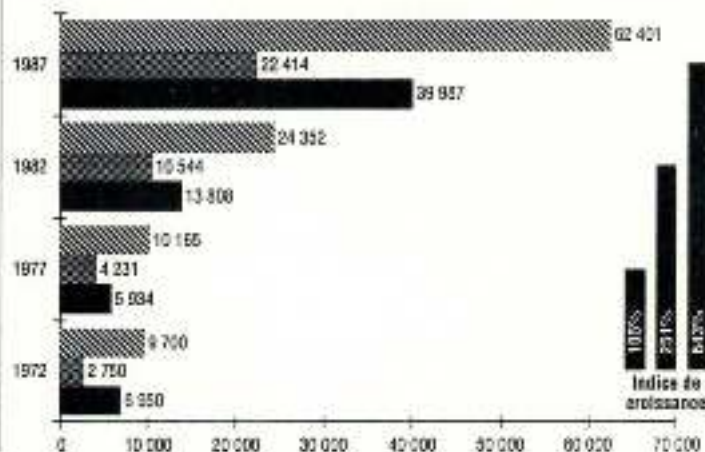
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C'est un peu avec nostalgie qu'on se rappelle notre force de jeunesse. Pour le mouvement coopératif du Québec cette verdeur devait atteindre son apogée dans les années 70 et le Sommet de 1980 devait en sonner le glas.

Quel plaisir de se rappeler au coin du feu ces grands défis, ces moments de gloire où même le gouvernement n'osait respirer sans sonder le mouvement.

Les fusions et disparitions ont restreint le nombre des acteurs. Leurs activités les amènent, nous semble-t-il, à parler plus de cuisine que de mouvement. L'ère bureaucratique a semble-t-il remplacé le projet de société qui nous animait.

Pourtant, durant le même temps, a germé, s'est renforcé de nouvelles façons de coopérer, de petits secteurs, issus aussi à leur manière des sous-sols des églises qu'ils fréquentaient. Coopératives de travail, coopératives de travail forestière, coopératives d'habitation, coopératives en milieu scolaire, coopératives d'Inuit, autant de germes aujourd'hui florissants qui se sont développés par eux-mêmes.

Aujourd'hui le Mouvement Desjardins pose un geste, un vice-président a la responsabilité des relations avec le mouvement. Le CCQ quant à lui se questionne sur son membership. De plus, le CCQ vient de commander une étude qui vise à rajeunir le cadre fiscal et l'adapter au besoin de capitalisation des coopératives.

COOP de travail salue ces initiatives et souhaite qu'il en résulte une nouvelle unité du mouvement et un projet de société. Nous avons collectivement à affirmer que l'économie du Québec a cette originalité de la mobilisation populaire par la coopération inscrite dans de grandes réalisations. Nous avons collectivement à affirmer que nous voulons être maîtres de notre développement et que l'État doit y être associé au même titre qu'il appuie d'autres formes de développement. C'est ensemble que nous reprendrons notre place en affirmant l'originalité et l'efficacité de notre façon de contribuer au développement économique de notre Québec.

Jean-Claude Guérard

Desjardins et le mouvement coopératif au Québec



Le mouvement des caisses populaires Desjardins a grandi de façon spectaculaire depuis quelques années. On ne compte plus les acquisitions, les coûts d'éclat, les investissements remarquables de ce mouvement qui se situe avantageusement dans la grande famille des banques canadiennes.

Mais cet essor grandissant laisse-t-il une place à la coopération? Ce doyen de la coopération au Québec joue-t-il son rôle de leader au sein de la communauté coopérative?

COOP de travail: Monsieur St-Pierre, vous venez d'être investi d'un mandat de la part du président du Mouvement Desjardins, Monsieur Béland, qui concerne le mouvement coopératif au Québec, quel est ce mandat exactement?

Le mandat comprend deux volets principaux. Le premier consiste à travailler, avec les autres organismes coopératifs, à la réorganisation et à la relance du Conseil de la coopération du Québec. Le deuxième consiste à développer l'intercoopération entre la Confédération Desjar-

dins et les organismes provinciaux de regroupement de coopératives (fédérations, conférences, etc.).

Est-ce une préoccupation (ce mandat) liée à une vision différente du Mouvement Desjardins imprégné par un nouveau président?

Il est certain que le développement d'un mouvement coopératif québécois vigoureux est un objectif personnel de Monsieur Béland. Mais son action actuelle en ce domaine vise d'abord à concrétiser une des orientations

données par la base au 14e Congrès Desjardins tenu en novembre 1986. Quand nos dirigeants et dirigeantes nous ont dit clairement qu'ils voulaient que les caisses restent des coopératives et que l'organisation Desjardins dans son ensemble demeure sous contrôle des membres et de leurs représentants, ils donnaient le mandat à leurs fédérations et à la Confédération de s'organiser pour que la formule coopérative reste authentique dans Desjardins et crédible au Québec.

Ils ont souhaité aussi que le Mouvement Desjardins demeure un lieu de reprise en main et de développement pour les moins nantis de la société. La façon dont le conseil d'administration de la Confédération a choisi de le faire, c'est de travailler plus étroitement avec les coopératives de travail, d'habitation, forestières et autres. En réalité, au niveau local, cette collaboration existe déjà et n'a jamais cessé d'exister malgré la crise économique de 1982-83. La Confédération veut compléter et renforcer cette action locale et régionale.

Si les affaires des coopératives semblent se développer harmonieusement, l'organisme que se sont donnés les grandes fédérations coopératives, le CCQ, semble lui, en panne; que se passe-t-il?

MSTP De peur que l'analyse du passé ne tourne à l'autopsie, nous avons choisi de regarder l'avenir du CCQ à partir des volontés et des ressources actuelles. L'expérience de chaque organisation peut nous permettre de bâtir un mouvement coopératif québécois vigoureux dont le CCQ serait le porte-parole en évitant les difficultés vécues dans le passé.

Un comité du CCQ se pose actuellement un questionnement sur le devenir de l'organisme, sa représentativité et son financement. Y a-t-il des lueurs d'espoir à l'horizon?

Le comité est formé du président du CCQ (monsieur Yvon Daneau du Mouvement Desjardins) et du vice-président du Conseil (monsieur Roger Pelletier de la Coopérative Fédérée). Il a le mandat de proposer le plan d'action du CCQ pour les trois ou quatre prochaines années. Pour ce faire, MM. Daneau et Pelletier ont choisi de consulter sur leurs attentes et leur volonté de collaboration tous les organismes provinciaux regroupant des coopératives ou travaillant avec des coopératives (y compris la SDC et le MICT). Ce plan d'action sera discuté à l'assemblée générale du CCQ de juin 1989.

De plus, le CCQ commandite une vaste étude sur les problèmes de capitalisation des coopératives et la démutualisation de certaines institutions membres. Cette question est une des

SYSTÈME INFORMATISÉ DE TENUE DE LIVRES

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préoccupations communes majeures des organisations coopératives et il est certain que les suites à donner à ce rapport seront une partie substantielle du plan d'action du CCQ pour les prochaines années.

Toutes les composantes de la coopération sont en effervescence actuellement; - préoccupation du Mouvement Desjardins vis-à-vis le mouvement; - comité du CCQ sur la représentation; - étude confiée à Maheux Noisieux sur la capitalisation; - mécanismes d'aide gouvernementale, SDC et CDR, questionnés. Comment interprétez-vous ce bouillonnement et y a-t-il espoir de cohésion, donc de réaffirmation d'un mouvement coopératif à l'horizon?

Il y a une nouvelle génération de coopérateurs en train de prendre la relève actuellement au Québec et l'avenir est avec eux. Parce que contrairement à ce qui se véhicule trop souvent, les hommes et les femmes d'aujourd'hui sont non seulement très autonomes (la «me génération») mais ils ont une volonté réelle de participer aux décisions qui les concernent et ils sont capables de solidarité. Cependant ils s'intéressent à du concret, à du proche d'eux et à du contrôlable directement. Les grandes causes même généreuses ne sont plus très populaires mais les petits groupes d'entraide foisonnent. Ça c'est un terrain fertile pour la coopération et les nouveaux leaders coopératifs le sentent et ils veulent bâtir là-dessus.

Ce changement de la garde, il est commencé depuis quelques années déjà. (Notre congrès dans Desjardins l'a illustré). À mon sens, il est très prometteur pour le développement du mouvement coopératif dans les années '90. La formule coopérative, en réconciliant les affaires et le développement social, les intérêts des utilisateurs et ceux des propriétaires par la démocratie, la PME et la grande organisation par l'intercoopération à tout ce

qu'il faut pour répondre aux aspirations de nos contemporains.

Le Mouvement Desjardins quant à lui a-t-il défini les rapports qu'il compte développer avec les autres composantes?

MSTP Oui et il veut des relations d'égal à égal. Quand un organisme coopératif demande de l'aide, on lui demande ce qu'il peut faire pour aider le Mouvement Desjardins. Cela permet de définir des zones d'intercoopération où l'action commune bénéficie à chacune des organisations coopératives individuellement. Quand la Confédération Desjardins a travaillé avec les coopératives d'habitation pour développer un nouveau programme de rénovation de logements et a soutenu leur Confédération auprès de la Société d'habitation du Québec, cela a permis de mettre de l'avant des projets concrets de logements coopératifs et cela permettra de nouveaux prêts hypothécaires pour les caisses. Il ne s'agit pas de se lancer dans du marchandage commercial, mais d'asseoir la collaboration entre coopératives sur autre chose que sur des bons sentiments ou des subventions. Ça c'est notre approche bi-latérale.

Pour ce qui est de notre approche par rapport à l'ensemble du mouvement coopératif, nous voulons travailler comme un des partenaires au sein du CCQ. Un Conseil de la coopération crédible, c'est un besoin pour toutes les forces coopératives du Québec y compris pour le Mouvement Desjardins.

Depuis 1984, et surtout depuis la disparition du poste de sous-ministre à Québec, des questionnements, des interventions politiques, des soubresauts menacent de façon permanente l'aide qu'apporte l'État au développement coopératif. Une solution qui amènerait plus de rationalité et une plus grande sérénité est-elle en train de se dégager d'après-vous?

Cela ne viendra pas tout seul. Il va falloir y travailler en com-



mençant par faire le ménage dans nos idées là-dessus au sein du mouvement coopératif. Il y a de la place pour tous les intervenants qui ont à cœur le développement de la formule coopérative au Québec et des moyens pour y contribuer. L'État est certainement un joueur important mais il n'a pas, pas plus que quiconque, toutes les compétences et le mandat de jouer tous les rôles.

Le CCQ, parce qu'il est actuellement le plus grand regroupement de coopératives au Québec, devrait s'attaquer à cette question et donner là-dessus un point de vue éclairé et crédible au gouvernement. Je suis convaincu que le gouvernement donnera rapidement suite à des recommandations de bon sens soutenues par l'ensemble du monde coopératif.

Monsieur Béland avait annoncé de possibles États

généraux de la coopération au Québec, est-ce que ce projet est toujours dans l'air?

Cette idée fait son chemin autant dans le Mouvement Desjardins que dans d'autres organisations coopératives. Il apparaît de plus en plus évident que si on veut donner un élan supplémentaire à la formule coopérative comme formule de développement de notre milieu, il faudra mettre de l'avant diverses activités d'éducation coopérative. Si on veut aussi que les porte-paroles du mouvement coopératif défendent des points de vue crédibles sur le développement économique et social du Québec, il va falloir qu'ils soient soutenus non seulement par des recherches mais aussi par un «programme» élaboré et soutenu par la base. Ira-t-on jusqu'à des États généraux avec ce que cela suppose de frais? Nul ne le sait de façon certaine, mais beaucoup le souhaitent.

La région de Québec et les coopératives de travailleurs

La région de Québec compte plus de 45 coopératives de travailleurs sur son territoire. De ces coopératives, plusieurs ont démarrées leurs activités depuis près de six (6) ans. On en retrouve dans une grande variété de secteur d'activités. Que ce soit dans la culture de champignons, entrepreneur général en construction et rénovation, rembourrage et transformation de meubles, coiffure, esthétique et bronzage, foresterie, graphisme et design d'intérieur, abattage, transport scolaire, remorquage, transformation du bois, transport maritime, professeur en enseignement musical, atelier de couture, restaurant-bar, et autres.

Au total, ces entreprises coopératives donnent du travail à plus de 350 travailleurs et travailleuses membres.

Il s'est développé, avec le temps, des liens et des collaborations entre ces coopératives. Des échanges de services se font régulièrement afin de favoriser la «préférence coopérative». Un peu comme le font les entrepre-

neurs en affaires, les entrepreneurs coopératifs de chez nous se réunissent régulièrement aux deux (2) mois pour un souper-rencontre. À cette occasion, une coopérative reçoit dans ses locaux les autres membres des coopératives. Ceci donne l'occasion de faire connaître la coopérative, ses services, son organisation. Inutile de dire combien ces rencontres sont importantes et permettent de solidifier le mouvement dans la région.

La mise sur pied de nouvelles coopératives de travailleurs demeure un des premiers objectifs de la Coopérative de développement régional Québec-03. Cependant, ce développement ne peut se faire sans l'implication des coopératives existantes. Sur tout le territoire, des regroupements par secteur de coopérateurs et de coopératives, permettent aux coopératives d'être les artisans du développement économique de leur milieu.

Différents services sont offerts en vue d'apporter soutien et aide technique aux promoteurs créant

ainsi des entreprises rentables et dynamiques et assurant aux promoteurs la formation et le support indispensable à tout nouveau projet.

La variété des secteurs d'activités des coopératives exige de la part des conseillers qui interviennent, une capacité d'adaptation et une souplesse permettant de répondre adéquatement aux besoins de chacun des groupes qui se présentent chez nous.

Voici une brève description des activités de quelques-unes de ces coopératives de travailleurs de la région.

La Coopérative en remorquage du Québec métropolitain



La coopérative offre un service en remorquage 24 heures sur 24 sur le territoire du Québec métropolitain. Le projet est né du

désir de six (6) travailleurs autonomes dans le domaine du remorquage, de regrouper leurs actifs et leur capital humain pour opérer une entreprise de remorquage. La coopérative est devenue opérationnelle en avril 1984.

180, rue Paradis à Québec
418-687-4446

La Coopérative de concepteurs en arts visuels Artis



Coopérative offrant des services en graphisme, décoration d'intérieur, étalage et design. Cette coopérative est issue de quatre jeunes diplômés, en chômage, qui avaient l'ambition de pouvoir un jour gérer leur propre entreprise qui est maintenant opérationnelle depuis avril 1984.

285, St-Joseph est à Québec
418-524-9725

La Coopérative forestière de Portneuf



Cette coopérative effectue des travaux reliés à l'aménagement forestier tels: scarifiage, dégauchement de plantations, reboisement, etc... La coopérative a débuté ses opérations en juillet 1983 avec au départ 16 membres dont la majorité était des chômeurs diplômés de l'École forestière de Duchesnay.

C.P. 1688, St-Raymond à Portneuf
418-337-4775

La Coopérative de développement régional Québec - 03

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La Coopérative de travailleurs en coiffure et esthétique de Québec



La coopérative offre les services de coiffure, d'esthétique, de bronzage et de massothérapie. L'entreprise a été constituée en janvier 1985. Ce projet, débuté à l'été 1984 a été initié par quatre (4) jeunes travailleurs. Le salon est installé dans le quartier du vieux Québec.

900 Carré d'Youville #20 à Québec
418-892-1584

La Coopérative de vêtements Modes Leeds

La coopérative réalise des sous-traités pour des firmes, elle effectue l'assemblage de vêtements. Un groupe d'une douzaine de femmes du village ont entrepris des démarches auprès de la CDR en vue de mettre sur pied un atelier de couture. Le groupe ayant une très bonne expérience dans le domaine a décidé de faire appel à une dame ayant été propriétaire d'un atelier de couture pour devenir la gérante de la coopérative.

210, rue Principale
à St-Jacques de Leeds
418-424-3562

La Coopérative de transport scolaire régionale 03



La coopérative offre un service de transport des élèves sur le territoire de la Commission scolaire Chauveau. Elle effectue également le transport de groupes par l'entremise de contrats avec différents organismes. Le projet est né en 1982 d'un groupe de travailleurs d'une entreprise en lock-out suite à un conflit de travail et à une fermeture. La coopérative vit le jour à l'automne 1983 et compte 34 travailleurs membres.

2270, rue Notre-Dame à Ste-Foy
418-872-5422

La Coopérative de confection Adstock St-Daniel

La coopérative fait l'assemblage et la confection de tous genres de vêtements pour femmes, sauf les jeans. La coopérative effectue la majorité de sa production dans les pantalons, les chemisiers, les vestes, les jupes et les blazers. L'entreprise coopérative a été formée le 10 octobre 1983. C'est un groupe d'ex-travailleuses d'une entreprise traditionnelle qui se sont regroupées pour former cette coopérative. Elle compte douze (12) travailleuses(eurs).

RR 3, C.P. 60 à Tethford-Mines
418-422-2412

La Coopérative de travail du meuble Rogert Fiset

Le Meuble



Cette coopérative offre les services de remboursement et de transformation de meubles, fabrique des meubles sur mesure, réalise la conception et le design. Cette coopérative est une transformation d'une entreprise familiale. Les travailleurs en ont fait l'acquisition en 1987. Cette coopérative compte sept (7) travailleurs.

1551, St-Paul à l'Ancienne-Lorette
418-872-7955

La Coopérative Les constructions Ensemble



Cette coopérative se spécialise en rénovation, agit comme entrepreneur général. Cette entreprise a été mise sur pied par des travailleurs d'un GRT. Elle est en opération depuis 1986. Elle compte quatre (4) travailleurs membres et quelques membres auxiliaires.

108, 13e Rue à Québec
418-648-1278

La Coopérative des travailleurs maritimes du Québec

COOPÉRATIVE DES
**TRAVAILLEURS
MARITIMES**
DU QUÉBEC



Un groupe de travailleurs de bateau se sont regroupés pour former cette coopérative qui se spécialise dans le transport par bateau. Elle compte seize (16) membres.

C.P. 39 Haute-Ville à Québec
418-649-7142

La Coopérative des travailleurs Horisol



HORISOL
Coop. de travailleurs

Cette coopérative de travailleurs qui regroupe majoritairement des personnes handicapées, se spécialise dans la production de palettes et de caisses de bois ainsi que l'emballage d'objets de plastique. Cette coopérative de travailleurs est issue de la continuité d'une compagnie. Cette coopérative est en opération depuis décembre 1987. Elle a permis le maintien de sept (7) emplois et la création de sept (7) nouveaux.

357, du Faubourg
à St-Jean-Port-Joli
418-598-3048

La Coopérative Coop-champignon-Régal



Constituée en juin 1984 en coopérative de travailleurs, cette entreprise terminait la construction de ses installations en février 1987. La champignonnière située à Ste-Perpétue comporte sept (7) chambres de croissance qui produisent en alternance des champignons 12 mois par année. La coopérative fournit du travail à six (6) travailleurs permanents

et à plusieurs travailleurs occasionnels. Au début de 1989, un projet de développement de l'ordre de 140 000\$ a permis d'améliorer les installations.

32, rue Principale Nord
à Ste-Perpétue
418-359-3292

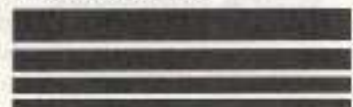
Ceci n'est qu'une brève description de quelques-unes des coopératives de travailleurs de la région de Québec.

Nous sommes conscients que nos objectifs de développement seront atteints le jour où un nombre significatif de coopératives de travailleurs existeront et seront les témoins de la possibilité d'une force économique et de la prise en charge par les travailleurs du contrôle de leur milieu de travail.

Nous comptons donc intensifier le développement de nouvelles entreprises propriétés des travailleurs.

L'atteinte de cet objectif ne pourra se réaliser sans la concertation de tous les intervenants coopératifs et des organismes coopératifs du milieu.

L'équipe de la CDR Québec - 03.



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NDLR: *COOP de travail* poursuit sa tribune sur la loi et la fiscalité des coopératives de travail au Québec. Cette tribune reviendra à toutes les parutions de notre magazine et pourra s'étendre sur deux pages. En cette année où la révision du cadre législatif des coopératives de travail est en discussion, il est important que des points de vue soient présentés en vue de la tenue d'un débat de fond qui fera, espérons-le, émerger un consensus sur les conditions légales et fiscales qui favoriseraient davantage le développement des coopératives. Nous invitons tous les coopérateurs de travail à présenter leurs idées ou leurs solutions sur une facette du problème. De même, vous êtes invités à réagir aux opinions exprimées dans cette rubrique.

Améliorer la capitalisation des coopératives

COOP de travail: *Monsieur Pelletier, le CCQ a mandaté la firme Maheu Noisieux pour faire des recommandations sur la capitalisation des coopératives: d'où vient ce besoin?*

Les économies contemporaines connaissent des bouleversements fondamentaux. En particulier, dans le contexte de la mondialisation des marchés, seules les entreprises très puissantes pourront tirer leur épingle du jeu. C'est pourquoi on assiste à un regroupement d'entreprises dont l'ampleur est exceptionnelle.

Dans ce contexte, les entreprises coopératives doivent se préparer à faire face à une compétition accrue de la part des entreprises du secteur non coopératif. Pour résister à cette concurrence et continuer à nous développer, il faut renforcer la structure financière de nos entreprises coopératives.

Les coopératives sont en partie victimes sur ce plan des conséquences qui résultent de leur nature. Une coopérative est une entreprise dont les surplus sont redistribués aux usagers ou versés à une réserve qui ne peut être, en général, retournée aux pro-

priétaires. Par conséquent, il est extrêmement difficile pour une coopérative d'offrir un rendement attrayant sur le marché du capital de risque.

Dans le cas des coopératives agricoles, la diminution du nombre des agriculteurs rend ce problème encore plus aigu. Voilà en quelques mots la source du besoin qui nous a conduit à initier l'étude sur la capitalisation des coopératives.

Pouvez-vous nous résumer le mandat confié à la firme Maheu Noisieux?


Le mandat confié à la firme Maheu Noisieux par le Conseil de la coopération a pour but la recherche de nouveaux moyens d'améliorer la capitalisation des coopératives.

L'étude devra faire le point sur les modes et l'état du financement des entreprises, ici et à l'étranger, afin de bien connaître la situation actuelle. Compte tenu de l'ampleur des avantages fiscaux qui viennent en aide aux entreprises non coopératives, en vue d'aider leur capitalisation

suite à la page 9

La Direction des coopératives du
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(par exemple, le Régime d'épargne action au Québec), la firme est également mandatée en vue de faire une comparaison du régime fiscal des entreprises coopératives et des entreprises non coopératives.

Dans le secteur coopératif de l'assurance, le problème de la capitalisation se pose d'une façon particulière. Une réponse qui surgit de plus en plus fréquemment aux besoins de capitalisation, c'est la démutualisation qui remet en cause la nature coopérative de ces entreprises. Par conséquent, nos consultants devront procéder à une étude particulière pour ce secteur.

Quels sont les résultats espérés?

Nous escomptons obtenir de cette étude une meilleure connaissance de la structure financière actuelle des coopératives, et de la situation des coopératives à cet égard par rapport à celle des entreprises non coopératives.

En fait, nous voulons mesurer aussi exactement que possible l'ampleur du problème. Cependant, si les résultats devaient se limiter à cela, nous ne serions pas plus avancés sur la voie de la solution du problème.

Nous voulons que cette étude nous suggère de nouveaux moyens d'améliorer la capitalisation des nos coopératives, des façons d'innover en ce domaine.

De plus, cette étude devrait nous permettre une comparaison des régimes fiscaux des coopératives avec celui des entreprises à capital action, quant aux composantes qui ont un impact sur le financement. Si tel que nous le soupçonnons, il s'avère que les coopératives sont désavantagées à cet égard, nous pourrions intervenir auprès des gouvernements, d'une manière mieux documentée et plus convaincante, pour obtenir des modifications appropriées au régime fiscal.

Est-ce que les coopératives de travail vont être touchées par cette étude?

Toutes les entreprises du secteur coopératif vivent des problèmes

de capitalisation, y compris les coopératives de travail. Nous sommes également soumis au régime fiscal qui affecte toutes les composantes du mouvement coopératif. Par conséquent, les coopératives de travail seront affectées, au même titre que les autres par les résultats de cette étude.

Quel échéancier avez-vous prévu?

Nous avons prévu étudier, lors de l'assemblée annuelle du CCQ, qui se tient à la fin de juin, les conclusions de l'étude de la firme Maheu Noiseux.

Croyez-vous que ce qui va ressortir comme recommandations risque de modifier la conception de ce que sont les coopératives au Québec?

Le défi auquel nous faisons face

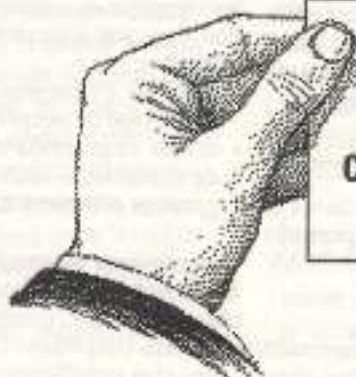
est d'innover en matière de financement des coopératives tout en respectant la nature de nos entreprises. Il faut éviter de modifier nos façons de faire, si les modifications envisagées font perdre à nos entreprises leur caractère coopératif. Par contre, il faut être prêt à changer tout ce qui peut accroître notre capacité compétitive, dans la mesure où de tels changements respectent notre nature.



Monsieur Alphonse Roger Pelletier est agriculteur depuis 1952 et sa famille exploite une ferme laitière depuis huit générations dans la région de Sainte-Anne-de-la-Pocatière où Monsieur Pelletier a d'ailleurs été président de la Coopérative de Côte-Sud du Québec pendant seize (16) ans. Il s'est associé depuis quelques mois avec son fils cadet dans une nouvelle entreprise laitière après avoir établi deux autres de ses fils dans cette même production. Monsieur Pelletier est président depuis 1987 de la Coopérative fédérée de Québec où il siège au conseil d'administration depuis 1973 et au comité exécutif depuis 1974. Il est membre de diverses associations et siège au sein de plusieurs conseils d'administration dont la Fédération canadienne de l'agriculture et le Conseil de la coopération du Québec (CCQ) où il a été nommé vice-président en 1988. C'est à ce dernier titre que Coop de travail l'a interrogé concernant l'étude du CCQ sur la capitalisation des coopératives.



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NDLR: Conçue pour informer le plus brièvement possible le lecteur, cette section traduit des événements ou donne des informations générales sur le secteur de la coopération de travail. Nous vous invitons donc à nous faire parvenir toute information factuelle touchant votre milieu.

Bravo Auxi-Plus



Le 31 janvier dernier, Auxi-Plus prenait le deuxième rang au «Prix Entrepreneurship '88» (volet Mérite, catégorie Femme). Les prix furent remis lors d'un souper gala à l'hôtel Ramada-Renaissance et un court métrage sur Auxi-Plus et ses particularités coopératives furent présentées à l'ensemble des intervenants en démarrage d'entreprises réunis pour cet événement annuel et en présence du Maire de Montréal, monsieur Jean Doré et de ministres fédéraux et provinciaux. La CDR de Montréal a souligné l'événement en invitant à ce gala monsieur Marc Jean, directeur général par intérim de la Direction des coopératives du ministère de l'Industrie, du Commerce et de la Technologie. Sur la photo on reconnaît madame Lucie Bernard, Directrice générale d'AUXI-PLUS et monsieur Pierre Marin, Président de la CDR de Montréal.

Un prix pour Nutrinor

La coopérative Nutrinor de Chambord, spécialisée dans les produits laitiers, a gagné pour la deuxième année de suite, les Mercuries de la qualité totale pour les PME dans le cadre des «Mercuriades '89» organisées par la Chambre de commerce du Québec.

Assemblée annuelle

La Coopérative de développement régional de Québec (03) tenait le 28 mars dernier son assemblée générale annuelle. Se retrouvaient 125 personnes représentant 48 coopératives de tous les groupes d'activités et quelques invités. Ont été déposés le rapport annuel de la coopérative et le plan d'activités pour les trois prochaines années. La CDR de Québec compte mettre un accent particulier sur le développement de nouvelles coopératives et de nouveaux marchés ainsi que sur des projets types de coopérative. Elle veut aussi accentuer sa présence sur tout le territoire de la région, consolider sa structure et ses services et accroître ses sources de financement.

Conférence-Colloque

16 mai 1989 Colloque intitulé «L'entreprise coopérative face à la croissance». La question de fond: l'entreprise coopérative peut-elle croître et demeurer coopérative? Pour plus d'information: ACFAS, 514-342-1411.

12 et 13 mai 1989 The Canadian Social Investment Challenge traite des sujets suivants: l'éthique et l'investissement, les formes alternatives (coopératives de travail, etc...), etc. Bref, les éléments du secteur de l'économie sociale. Pour information, contactez le magazine Coop de travail.

Un coopérateur à la Chambre des Communes

Lors de la dernière élection fédérale, monsieur Benoît Tremblay, candidat dans le comté de Rosemont, a été élu député de cette circonscription. Monsieur Tremblay, ex-sous-ministre adjoint aux coopératives au MICT à Québec, était jusqu'à ce jour conseiller municipal à la Ville de Montréal et Directeur du Centre de gestion des coopératives de l'École des Hautes Études Commerciales. Nous lui souhaitons bonne chance dans ces nouvelles fonctions et nous sommes assurés qu'il saura faire connaître l'importance du développement coopératif au Québec auprès de ses collègues canadiens.



Une stratégie nationale: le CCC consulte

Le 30 mars dernier, le CCC (Conseil canadien de la coopération) réunissait un comité spécial formé des représentants de huit organismes intéressés à la coopération de travail au Canada dans le cadre d'une consultation entreprise par le Secrétariat d'État aux coopératives du gouvernement canadien, qui procède depuis bientôt un an à l'examen de la situation des coopératives de travailleurs au Canada.

Un premier comité consultatif fédéral/provincial composé des représentants des divers ministères provinciaux responsables des coopératives et du Secrétariat d'État s'est réuni à l'automne dernier. Une deuxième réunion est prévue en mai prochain. Entretemps, une proposition de stratégie a été élaborée suite aux premières réactions et l'objectif des responsables canadiens est d'en arriver à des ententes plus spécifiques avec chaque gouvernement provincial.

Pour alimenter cette proposition, le Secrétariat d'État a décidé de procéder à une consultation des principaux intervenants canadiens dans la coopération de travail. Il a donc demandé au CCC un avis spécifique sur la proposition.

Après avoir pris connaissance de l'ensemble des recommandations, les membres du comité ont suggéré au CCC d'appuyer la proposition dans son ensemble tout en mettant l'accent sur les priorités suivantes:

- favoriser l'émergence de groupes-conseils pouvant appuyer le démarrage de coopératives de travailleurs;
- établir un programme d'aide à la capitalisation des coopératives de travailleurs incluant un fonds d'investissement et un programme enregistré d'investissement coopératif.

Les membres du comité s'entendent pour suggérer au gouvernement canadien de procéder à la signature d'entente spécifique avec chaque province, compte tenu de l'évolution de chacune, et que les questions budgétaires fassent partie de l'entente. D'autres commentaires plus spécifiques seront acheminés au CCC par les divers organismes avant la mi-mai.

C'est donc un dossier à suivre...