

Boss' 10-year plan a reality

Saguenay workers buy plant

by Ralph Surette
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PORT ALFRED Que. — Joseph A. Hudon, capitalist, retired recently but left behind him an unusual experiment: He sold his plant to his workers.

The formula is designed not only to keep all company shares in the hands of present and future workers but also to ensure that no special group within the plant takes majority control.

The contract is so complex that on Jan. 22, the day the company was turned over, a total of 1,105 document signatures were made by the various parties involved.

The plant, Saguenay Industries Ltd., has 45 workers, including the seven-man administration. These seven men are also shareholders on the same basis as the rest of the workers and without special privileges and are subject to periodic re-election.

Mr. Hudon says the clauses in the contract designed to keep any special group from taking control of the factory are aimed particularly at the administration "to keep them from getting too ambitious," in his words.

The plant makes and repairs heavy

worked out with Mr. Hudon. This is understood to be very low since, as one administrative officer put it, "the workers have no money."

The workers, who make an average wage of \$2.90 an hour, as well as the members of the administration, are certain that the profits will more than pay for the cost of purchase.

Jean-Léon Desmeules, general manager and acting president, says the firm has no debts; finances itself mostly with its own capital and is in excellent fiscal shape.

The guys are sure

Jean-Claude Gagnon, a worker who is also shop leader for the CNTU local which represents the men, says "the guys are sure the profits will surpass the payments."

Mr. Hudon, a robust 66, says he was a working man himself before he founded the company 27 years ago and had intended for a long time to sell it to his workers when he retired. In fact, over the past 10 years or so he has sold shares to some of the key men in the plant to familiarize them with the financial aspects of business and thus to prepare

The operative word at Port Alfred is "experiment".

Mr. Desmeules says factory expansion and other plans will have to wait until everybody is fully accustomed to the new set-up.

Confidence increases

Union leader Gagnon says "there has been an increase in confidence in the plant because the guys feel they are working for themselves."

He feels productivity will rise as a result.

One of the curious aspects of the formula, however, is that union technocrats at a higher level are against it since, theoretically, it undercuts the need for a union (and the union technocrats themselves).

One technical adviser for the CNTU's Federation of Metallurgical Workers complains that the men will probably come to feel that union dues are a waste of money and will want to get rid of the union itself.

Obviously the traditional role of the labor union is called into serious question when the workers control their own plant.

company is an incidental thing.

A part of life

The workers have not pronounced themselves yet on their union affiliation and, in fact, appear not to have given it much thought. The CNTU has been representing them for some 15 years and it is as much a part of their lives as the plant itself.

Oddly, it is management that is arguing that the union must be kept. Mr. Desmeules says the union is necessary for wage agreements just as before, but in addition it can be useful as a countervailing force against any rise of favoritism and patronage among special interest groups in hiring and firing policies.

Mr. Potvin, who has negotiated two collective agreements with the company in the past, was suspicious of management's pro-union attitude, although the history of worker-management relations at the plant has been good.

Under the provisions of the takeover, any worker who leaves the factory for any reason has to sell his shares back to the company, and the same stipulation



machinery parts for the industrial giants of the Saguenay-Lac St. Jean area. It also repairs ships.

Port Alfred is about 10 miles downriver from Chicoutimi on the Saguenay, which flows into the St. Lawrence.

The plant is being bought for roughly \$500,000 on a 15-year plan at six per cent interest.

The low interest rates have been made possible through a special — but undisclosed — financing arrangement with Mr. Hudon, who, according to people involved in the project, could have received a much better price from other buyers.

Individual workers and members of the administration have bought shares that will cost them between \$20,000 and \$50,000 — interest included — per man over the next 15 years.

A special "minimum" down payment within the workers' reach has also been

them for the changeover which has now taken place.

He says he was motivated by his social views: That labor unrest will be eased if workers own their own factories and are thus guaranteed that the means of production will function in their own interests.

Others interested

He says several other firms in the area have shown an interest in the formula, and he hopes it will catch on in Quebec in general at a time when the co-operative mentality appears to be increasing.

Although the formula of worker control sounds socialistic, Mr. Hudon says he was moved by the opposite impulse: He fears that a "socialist or Communist" government will come to power in Quebec within 10 years and that this trend can only be countered if the men are given the chance to work in their own interests.

Antoine Potvin, head of the federation, charges that the Hudon formula is, in fact, "a trick to get rid of the union. The bosses remain bosses and the workers remain workers."

It is true that the seven-man administration has the same legal relationship with its workers as does the administration of any other company in the private enterprise system. It also has the same legal relationship with its shareholders as any other firm.

The difference in this case is that workers and shareholders are the same. Thus it can be said that the workers are their own bosses, since they own their own plant — which is the way the workers themselves see it.

The union technocrats argue otherwise: They contend that since the legalities remain the same nothing has changed — the workers are still workers and the fact that they own shares in the

applies to the widow of any worker who dies.

"Everything has been foreseen," says Mr. Hudon. "No one can take control."

Mr. Hudon says it took nine months to work out the contract with lawyers from La Société de Fiducie du Québec, which acted as a third party in administering the sale.

He had sought a similar arrangement four years ago, but the formula produced then did not satisfy him, and the present contract was "altered many times" before it became final.

Only three of the company's 45 employees did not join into the scheme originally, but their options remain open.

"Even the janitor is interested," Mr. Desmeules says. He figured that since the janitor is an employee, he, too, can be included in the scheme of things.

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