

An aerial, grayscale photograph of a city grid. A large, modern building complex, possibly a school or university building, is highlighted in white and stands out against the darker, textured background of the surrounding city. The building has a distinctive grid-like roof structure. The text 'Co-op Mill Concept' is overlaid on the top left of the image in a stylized, yellow, cursive font with a blue outline.

# *Co-op Mill Concept*

## **Worker Owned Plywood Mills (a co-operative)**

- Co-operative plywood mills were an unusual type of business on the American economic scene at the time they came into existence in the 1920-time frame.
- The facilities were owned and operated by the employees.
- There were strengths and weaknesses in these ventures, but they provided jobs and opportunities for many families seeking to have a better life in America.

## Two Important Worker Owned (Co-op) Plywood Mill Reviews

1. Worker-Owned Plywood Companies in the State of Washington, by Henry G. Dahl, Jr. (First National Bank of Everett, Washington), 1957
2. Article from The Saturday Evening Post, April 5, 1952, “Richest Mill Hands in the Country”

(copy of the publications available in the Anacortes History Museum)

## **Worker-Owned Plywood Companies in the State of Washington**

By Henry G. Dahl, Jr. (First National  
Bank of Everett, Washington)

Submitted in partial fulfillment of the  
requirements of the Pacific Coast  
Banking School conducted by western  
states bankers associations at the  
University of Washington, Seattle, WA

April, 1957

(copy of the publication available in the Anacortes History  
Museum)

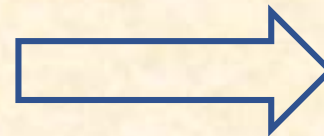
“A thorough analysis of the  
advantages and problem  
areas of co-op plywood  
mills versus privately  
owned companies.”

Article from The Saturday Evening Post, April 5, 1952

“Richest Mill Hands in the Country”

(original publication available in the Anacortes History Museum)

A Story about Co-op Plywood Mills



Anacortes Veneer Inc. is a feature in the article.

“A meeting of the board of directors of the Anacortes Plywood Company, of Anacortes, Washington. The company is co-operatively owned by the workers.”



A meeting of the board of directors of the Anacortes Plywood Company, of Anacortes, Washington. The company is co-operatively owned by the workers.

## Richest Mill Hands in the Country

By WILLIAM L. WORDEN

In the curious plywood industry a common laborer may earn \$800 a month and own a sizeable chunk of a million-dollar business. What's more, he's never going on strike. Here's how it works.

Harold Smith, vice-president of the Anacortes firm, shows local kids samples from his rock collection. The company started business in 1939.



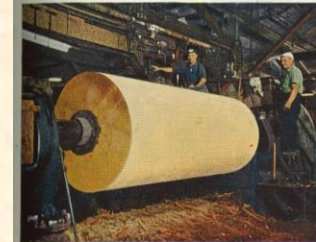
The officers of the Tacoma Plywood Company leave after a meeting. The once privately-owned mill was bought by the workers a few years ago.



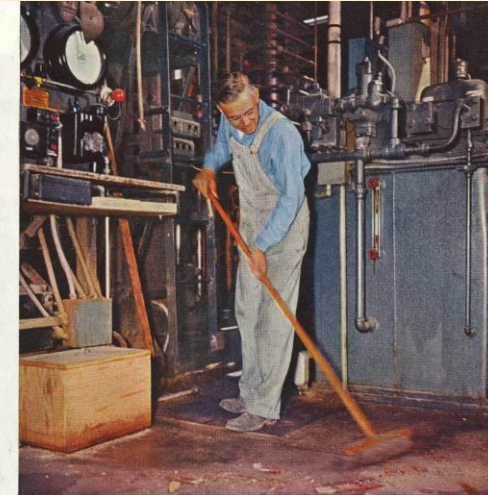
The Anacortes mill, on Puget Sound. Today (1952) there are eleven large plywood mills between British Columbia and California owned entirely by the workers.



The bark is peeled from a giant log at the Anacortes mill. Members of this plywood co-operative earn from \$3 to \$3.50 an hour.



After barking, the log is ready to be shaved on a lathe. Since the workers own the mill, they're not likely to loaf on the job.



James Newman, a face-layer at the Tacoma Plywood Company, is also the co-operative's unsalaried president. He performs most of his executive duties on his own time.

THEY were walking a picket line in the cold rain, and as they walked, the boys kicked their troubles around. There were pay cuts and winter layoffs and, most unhappy of all, the strikes which came just when a man was getting his feet on the ground and left him out of work, slabby and with no credit at the grocery—the same set of troubles which afflict lumber-mill workers in Oregon or Georgia, and seasonal-industry people everywhere.

But this particular picket line was in Olympia, Washington, and the closed and dripping building around which the men marched with the awkward "Unfair" sandwich boards was a pioneer plywood mill, worth nearly \$1,000,000.

One of the pickets looked at it. "You know," he said, "we wouldn't have strikes like this if we owned the mill ourselves. We'd have steady jobs."

Sure! If you own the mill, you don't run out of pocket change. If you buy the town, maybe you can get elected mayor—this suggestion was in the same category; and, for the most part, the pickets just kept on walking, with the rain running off their battered hats.

That is, most of them did. Some of the others toyed with the dream, talked about the cost and talked about it some more.

That was in 1934, and things did not happen fast thereafter. But the same men who walked that picket line eighteen years ago have steady jobs today and get along without worrying about strikes—because they do own a mill and last year spent \$1,000,000 just enlarging it. More than that, the men who were dodging grocery bills then are now drawing pay of

\$3.50 an hour, and each of them has a part ownership worth some \$28,000. Whether they like it or not—as a matter of fact, many of them don't—they are walking advertisements of a curious development in the plywood industry. Eleven large plywood mills between British Columbia and California are now owned entirely by the men who work in them and produce about 600,000,000 square feet of plywood annually—about 15 per cent of all the fir plywood made in the United States. Another dozen smaller mills swell this output, and half a dozen more are building, with the owners showing up on the job every day in overall.

These firms have already produced 3000 or 4000 new small capitalists in the West, and the movement continues to spread. It's a poor lumber town which doesn't have some group meeting at night, planning either to buy out a

(Continued on Page 99)

PHOTOGRAPHY BY GENE LESTER

The Anacortes mill, on Puget Sound. Today, there are eleven large plywood mills between British Columbia and California owned entirely by the workers.



## **Worker Owned Co-ops** 7, 15, 16, 17, 18, 19

- The first worker-owned plywood mill in the Pacific Northwest was the Olympia Veneer Company which was organized in 1921. It was started by a large number of Scandinavians, mostly Swedish Finns, from countries where the cooperative movement was well established.
- There were no more worker-owned plywood companies organized in Washington until about 1937 when a nucleus of men who had received their experience in the mills of the Olympia Veneer Company set out to organize a new company, which eventually became Anacortes Veneer, Inc (AVI). The Anacortes mill went into production in 1939.
- It is estimated that about 60% of all plywood manufactured during the 1940s and 50s was by these cooperative, employee owned companies.

## Worker Owned Co-op Formation

1	1921	Olympia Veneer Company (Olympia, WA)
2	1928	Aberdeen Plywood (Aberdeen, WA) Built in 1926 and purchased in 1928 by Olympia Veneer. Fire destroyed the mill on March 1, 1940
<b>3</b>	<b>1939</b>	<b>Anacortes Veneer, Inc. (Anacortes, WA)</b>
4	1941	Peninsula Plywood Corp. (PenPly) (Port Angeles, WA)
5	1942	Puget Sound Plywood, Inc (Tacoma, WA)
6	1946	North Pacific Plywood Comp (Tacoma, WA) Started in 1922 as Veneer Products Comp; reorganized into Tacoma Veneer Products Comp. and then Oregon-Washington Plywood; became a worker-owned cooperative in 1946 and operated as North Pacific Plywood Company
7	1949	Multnomah Plywood Corp. (St. Helens, OR)
8	1950	Mt. Baker Plywood (Bellingham, WA)
9	1951	Astoria Plywood Co. (Astoria, OR)
10	1951	Centralia Plywood Co. (Centralia, WA) – built on the bank of the Skookumchuck River near the railroad roundhouse. Started as the Sylvan Products Inc. on April 17, 1951.
11	1951	Linnton Plywood Association (Portland, OR)
12	1952	Brookings Plywood Co. (Brookings, OR)
13	1954	Hardel Mutual Plywood Corp. (Chehalis, WA)



## Worker Owned Co-ops

14	1955	Washington Plywood Comp. (Everett, WA) Started production as the Walton Veneer Comp. in 1924; merged with other companies in 1930 to form Oregon-Washington Plywood Comp; plant sold to employees and organized as a co-op in 1955 under the name of Washington Plywood Comp; plant liquidated in 1961
15	1955	Hoquiam Plywood (Hoquiam, WA) Plant built in 1947; started as a co-op in 1955
16	1955	Stevenson Co-Ply (Stevenson, WA)
17	1955	Vancouver Plywood (Vancouver, WA) Vancouver Plywood (VanPly) had started the operation in 1925; Co-op formed in 1955 when 400 employees bought the mill from Vancouver Plywood
18	1955	Annacis Island Plywood (Burnaby, BC)
19	1955	Buffelin Manufacturing Comp. (Tacoma, WA) Plant built in 1916 for door faces by Buffelin Lumber and Manufacturing Company; Co-op formed in 1955
20	1959	Cloverdale, CA
21		Lacey, Plywood Co. (Lacey, WA)
22		Lacey Veneer, Inc. (Lacey, WA)
23	1965	Stevenson Co-Ply, Inc (Stevenson, WA) Opened in 1949; Incorporated on August 17, 1955; filed to run as a cooperative on Dec. 31, 1965; bought by US Plywood Corp; closed as a co-op in 1992

**Worker Owned Co-ops**

24		Elma Plywood Corp. (Elma, WA)
25		Totem Plywood, Inc.
26		Everett Plywood and Door Corp. (Everett, WA)

## **Competitors and Growth in Softwood Plywood (7)**

1939 – 20 plywood plants in Washington and 3 in Oregon

1962 – 37 plywood plants in Washington, 90 in Oregon and 26 in California

Older plants had also modernized and increased production

Oregon and California controlled 80% of the production in 1962

### **Anacortes Veneer**

During the early 1960s, Anacortes was reported to be the largest single producer under one roof of sanded and specialty plywood. It had a capacity of over 150 million square feet annually (3/8 –inch basis). They used 100% exterior glueline with a high percentage of specialty items such as overlays, siding and marine grades.

## **Worker Owned Co-ops**

- The two types of firms appeal to different types of workers
  - The co-op is by its very nature a very risky venture for a typical worker and only those tolerant of high risk will be willing to hazard both their labor income and their capital income to the unpredictable fortunes of the enterprise.
  - The more risk tolerant workers prefer employment in the co-op while the more risk averse prefer employment in conventional/private firms

## **Positive Aspects of Worker Owned Co-ops (in general)**

- Productivity - more efficient production
- Wage flexibility
- More personal – employees have an interest and stake in their company and they offer an opportunity for workers to participate in shaping the environment in which they earn their living
- Job security - much more security against cyclical layoffs than conventional firms

## **Problem Areas for Worker Owned Co-ops (in general)**

- Management vs Board/Shareholders – always a tension. Need excellent/professional management to be successful.
- Raw materials – logs were often purchased on the open market (Anacortes Plywood was more visionary in this area).
- Wages – often more concern about higher wages than for future planning and the long term so that it is hard to build up working capital and reserves.
- Financing – combination of inadequate working capital, high debt to worth ratios and low profit margins were discouraging to a bank loan officer.
- Capital - most co-ops started with inadequate working capital and required additional financing for operations.
- Market Cycles - private companies often criticized co-ops for running through a low market cycles. This put more volume into the market which tended to lower product price which then impacted profits. Managed downtime would keep prices more stable.

**Conclusion by Henry Dahl from 1957 <sup>15</sup>**

“It is likely that the future road of the worker-owned plywood companies will continue to be a rocky one because companies face a serious problem in the decline of timber and log supplies available to them.”