Forestry Cooperatives: Past and Present

Mark G. Rickenbach[1]

Forest landowner cooperatives are not a new phenomenon, but past efforts to create and sustain these businesses have been largely unsuccessful in the U.S. Before and just after World War II saw significant investment in cooperative development that failed to create durable business. The purpose of this chapter is to briefly describe the history of forestry cooperatives in the U.S. and to provide a snapshot of co-ops today.

Checkered Past

An extensive literature review indicates that the first forestry co-ops in the U.S. were formed around the 1910s (Cunningham 1947). For example, the Rock Cooperative Company of Rock, MI, began in 1914. Solin (1940), in a case study of four forestry cooperatives in the Northeastern U.S., indicated that in upstate New York and New Hampshire co-ops were present as early as the 1920s. The Great Depression saw an increase in the number of co-ops with 57 in operation by 1944 (Cunningham 1947). In his review, Cunningham identified five categories—cooperative stores, marketing, processing, federations, and special purpose—of forestry co-ops based on the types of services (i.e., function) they provided their members (table 1). The largest and only processing co-op during this period was the Otsego Forest Products Cooperative of Cooperstown, NY (Inter-bureau Committee on Postwar Programs 1945), which had 950 members and annual sawtimber production of 2-3 million board feet.

Table 1.—*Forestry cooperatives in the United States, 1935–47 by functional category.*

Function	Number	Purpose and scope of activities
Cooperative store	3	Sold forest products for members (and sometimes for others) but were uninvolved with processing or forest management.
Marketing	30	Formed primarily for collective marketing of logs, pulpwood, and other timber products but strongly encouraged members to follow approved methods of logging and other forestry practices.
Processing	1	Processed members' timber.
Federation	11	Worked with local nonforestry cooperatives to conduct forest operations to provide members with lumber or wooden containers or to help them market timber products.
Special purpose cooperative	12	Formed to share forestry equipment and to market secondary forest products (e.g., Christmas trees, syrup).

Source: Cunningham 1947.

[1] Forest Ecology and Management, University of Wisconsin-Madison, mgrickenbach@wisc.edu

I'm not into a subsidized future, I'm more interested in a sustainable future. I think what we really need to do is focus on helping businesses get up and running that are natural resource based, and then we'll make a lot of progress towards creating sustainable rural economy.

Lewis County, Washington, Potential Cooperative Member

World War II and the postwar economic expansion were problematic for forestry co-ops. The Inter-bureau Committee on Postwar Programs (1945) identified several challenges to them, many "peculiar to cooperatives in the field of forestry" (p. 26). The report goes on…

> Perhaps the most important is maintaining adequate control of timber cutting and other forest practices so as to keep the woodlands productive. There is little justification for any public support of marketing cooperatives that are not concerned with conservation of the forest resource. Another problem is how to maintain member interest when woodland operations are undertaken only at intervals of 3, 5, or 10 years rather than annually. A third problem is diversification of outlets for forest products so as to facilitate more complete utilization of the forest crop, improve growing stock, and make thinnings and other cultural practices profitable.
>
> Still another problem, especially serious in cooperatives limited to marketing service, is getting members to sustain their output and live up to production commitments. The difficulty encountered on this is inherent in the fact that forestry is seldom the major concern of farmers and that there is no compelling time urgency for forest operations as with other crops. (p. 26-27)

Postwar cooperatives faced additional challenges including labor shortages, insufficient capital, competition from a growing forest products sector, and increased stumpage prices leading owners to deal directly with mills (Dempsey 1965). Amid these many challenges, forestry co-ops faded, but did not completely disappear.

Dempsey (1965) estimated that 20 co-ops remained in operation in 1965, and there was significant concern about their future. In that same year, Edward Grest, then Director of Cooperative Forest Management with the USDA Forest Service, addressed a forestry cooperative conference and asked attendees to avoid comparing current efforts to past failures (Grest 1965). To be clear, not all cooperatives during that period failed. For example, the Pertersham Forestry Cooperative Association was formed in 1938 to salvage timber from the 1938 hurricane. When the timber was salvaged, the co-op closed its doors. Nevertheless, the majority closed because they were unsuccessful.

As late as 1979, the number of forestry cooperatives was still small, seven by one account (Simon and Scoville 1982), and none survived through to the present day. Of these seven, none were formed before 1965.

Current Status

The late 1990s saw the resurgence of forest landowner cooperatives. Data from various sources (Smith and Sisock 2002, Tiles *et al.* 2004) indicate that 15-20 local forest landowner organizations are in various stages of development. Just over half are either cooperatives or organizations favoring that approach. The majority of the cooperatives are located in the Upper Midwest. Wisconsin has the most cooperatives and Minnesota and Iowa contribute several more. Other parts of the U.S., from the Pacific Northwest to the Northeast, also are seeing cooperatives form. The Southeast, at this point, has the fewest (Tiles *et al.* 2004).

Unlike previous efforts to form forest landowner cooperatives, current efforts have not relied substantially on direct public investment. The driving forces behind many current startups are nongovernmental organizations such as Cooperative Development Services (Madison, WI) and the Community Forest Resource Center (Minneapolis, MN) and landowners themselves. Also, the current emphasis has been on ecologically sustainable forest practices instead of past emphases such as economic development and timber supply. Often this emphasis on sustainable practices includes forest certification.

As was noted, landowners are a driving force in the current cooperative movement. While membership is defined by each co-op, anecdotal evidence suggests that landowners are the only members. Loggers and small-scale processors can also be found in modern forest landowner co-ops.

In order to succeed you need two very important factors. You need to produce a good product. You also need consumers. You need to notify potential local consumers, people who drive by your land who have no idea what you're doing. You need to have them understand the importance of buying local products.

Massachusetts Woodlands Cooperative Member

Learning from the Past

Given the checkered, but well-documented past of forestry cooperatives in the U.S., review of past literature, particularly those publications that have a "how-to" focus (Dempsey 1968, Dempsey and Markeson 1969, Hoffman 1985, Markeson 1965, USDA 1967), can provide information for current efforts. These publications distill success or at least attribute success to three factors: (1) get the numbers right, (2) complete an inventory before formation, and (3) ensure member commitment for the long term.

Get the Numbers Right

Cooperatives are fundamentally businesses. For a business to be successful, its costs and expected returns must provide acceptable returns to investors. Although most owners do not look to their land to provide significant income, they also do not want to throw money away. Landowners, like everyone else, want to know what they are in for when they join something, and the finances are a big part of that.

Complete an Inventory

It is important to understand the forest resource upon which the cooperative is built. Knowing how many owners with how much land tells a great deal about the types of services and amount of time that might be required. Such data are essential in setting a cost and fee structure that reflects the operational reality of the cooperative. If value-added processing is to be a primary service of the cooperative, detailed inventory and harvest schedule data are essential to determining the likely success of a processing facility.

Ensure Member Commitment

It is essential that the cooperative have members that are committed to its success. The best way to do this is to create a cooperative that reflects the needs, interests, and values of the members. With forest landowners and their often varied ownership objectives, this can be easier said than done. Yet, to remain a viable cooperative over the long term, member commitment is essential.

The members were a select group. They were landowners and most had some history where they had seen really poor forestry practices, and they thought something could be done better.

Sustainable Woods Cooperative Member

Conclusion

Cooperatives are not a new phenomenon in the U.S., but they have a checkered past often marked by failure. The current effort to create forestry cooperatives would do well to build on the lessons of previous attempts. Specifically, new and forming forest landowner cooperatives should carefully evaluate the costs and benefits to members, build these estimates on accurate inventories of the forest resources, and maintain a committed membership. Even after following this advice, the cooperative may fail, but it is sure to do so if these lessons are ignored.

Literature Cited

Cunningham, R.N. 1947. Forestry cooperatives in the United States. USDA Forest Service Report 6. Washington, DC: U.S. Department of Agriculture, Forest Service. 18 p.

Dempsey, G.P. 1965. A review of forest-based cooperatives. In: Forestry cooperatives: workshop proceedings; 1965 September 14-15; Denver, CO. Washington, DC: USDA Committee on Forestry: 49-61.

Dempsey, G.P. 1968. Some new guidelines for the forest cooperative. Journal of Forestry. 66(1): 17-21.

Dempsey, G.P.; Markeson, C.B. 1969. Guidelines for establishing forestry cooperatives. Res. Pap. NE-133. Upper Darby, PA: U.S. Department of Agriculture, Forest Service, Northeastern Forest Experiment Station. 38 p.

Grest, E.G. 1965. Objectives of workshop. In: Forestry Cooperatives: workshop proceedings; 1965 September 14-15; Denver, CO: 1965 April 20-21; Princeton, WV. Washington DC: USDA Committee on Forestry cooperatives.

Hoffman, B.F., Jr. 1985. Estimating production of forest cooperative members. Res. Rep. 45. Washington, DC: U.S. Department of Agriculture, Agricultural Cooperative Service. 34 p.

Inter-bureau Committee on Postwar Programs. 1945. Agricultural cooperatives in the postwar period. Washington, DC: U.S. Department of Agriculture. 41 p.

Simon, D.M.; Scoville, O.J. 1982. Forestry cooperatives: organization and performance. Res. Rep. 25. Washington, DC: U.S. Department of Agriculture, Agricultural Cooperative Service. 24 p.

Smith, D.; Sisock, M. 2002. Distribution of existing forestry cooperatives in the United States. In: 9th International symposium on society and resource management; 2002 June 2-5; Bloomington, IN. [Unpublished paper].

Solin, L. 1940. A study of farm woodland cooperatives in the United States. Bulletin of the New York State College of Forestry Tech. Pub. 48. Syracuse, NY: New York State College of Forestry. 118 p.

Tiles, K.A.; Rickenbach, M.G.; Sturgess, E.D.; Zeuli, K. 2004. U.S. forest landowner cooperatives: What do members expect? What can cooperatives deliver? In: Baumgartner, D.M., ed. Human dimensions of family, farm, and community forestry; 2004 March 29-April 1; Pullman, WA. Pullman, WA: Washington State University Extension: 135, 138.

USDA. 1967. Proceedings of Forestry Cooperatives Workshops, 1967. Proceedings of workshops held in Atlanta, GA; Columbus, OH; and Salt Lake City, UT during 1967. 43 p.