





The Otsego Forest Products Cooperative:

A Unique Experiment

BY HUGH O. CANHAM

Forming a forestry cooperative at the height of the New Deal to help farmers better manage their woodlots and provide them extra income was an experiment worth trying. How well did the experiment work?

In the 1930s, like many others across the country, farmers in the southern tier of central New York State were suffering from the ongoing effects of the Great Depression. Agriculture was the predominant economic activity in Otsego County.¹ A typical farm consisted of tilled fields, some pasture, and woodlots on land unsuitable for agricultural production. Typical tree species included maple, beech, birch, pine, and hemlock. Farmers often turned to their woods for firewood, fence posts, and lumber for on-farm construction, or to sell to local sawmills.

Several landowners around Cooperstown became concerned that the condition of farm forests was declining and sought a better arrangement to provide income to farmers while ensuring that timber harvests sustained and improved the woodlots. R. H. Rogers, a young forester working for a private landowner, made note of the deteriorating forest conditions in the area and secured a grant from the Charles Lathrop Pack Forestry Foundation to study the possibility of establishing a cooperative.² The Cooperstown Chamber of Commerce

The objective of the cooperative was to avoid a scene like this one on Charles Holbrook's farm in West Oneonta in 1948. The original caption read in part: "This is a good example of how NOT to cut a woodlot. This was a 30-acre white pine woodlot which was sold for logs for a lump sum. The operator stripped it of everything and now the owner of the land has no hope of ever harvesting another crop."

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also became interested and, along with area farmers, joined with Rogers and submitted a proposal to the New York State Rural Rehabilitation Corporation. They called for the establishment of a sawmill and other lumber-processing facilities, and the hiring of field foresters to educate and aid farmers in harvesting their timber. In November 1935, the Otsego Forest Products Cooperative Association formed in Cooperstown.

Their timing was excellent. The U.S. Forest Service was interested in forming forest cooperatives for farmers and others who owned woodlots, modeled after the highly successful agricultural cooperatives. This was also the era when the U.S.

Department of Agriculture was setting up rural electrification cooperatives (the one set up in Otsego County still exists today).

The basic purpose of the Otsego cooperative was “to promote the better care of woodlands and provide for the orderly marketing of forest products through cooperation to eliminate waste.” It was organized to “engage in marketing or selling of forest products and in connection therewith to engage in the production, processing, manufacturing, grading, sorting, or shipping of forest products and to finance said activities.”³ Membership was limited to owners or tenants of land used for the production of forest products. Members had to purchase one share of common stock and had voting rights, a setup similar to any other cooperative. When landowners sold logs to the cooperative, five percent of the receipts was withheld to finance the operation, with dividends anticipated as the operation became established.⁴

SETTING UP OPERATIONS

The Forest Service’s Northeastern Forest Experiment Station assigned personnel to draw up plans for the processing facility and to perform timber cruises of members’ woodlots. It was estimated that 542 million board feet, of which 5 million board feet was merchantable timber, stood within a fifteen-mile radius of Cooperstown.⁵ The plan was to build a sawmill capable of producing about 2.7 million board feet of lumber annually. A 17-acre site just south of Cooperstown, adjacent to the Delaware and Hudson Railroad, was selected for the mill. New York’s Conservation Department commissioner, Lithgow Osborne, laid the mill’s cornerstone in 1937 and praised the unique setup of the cooperative. Two years later, a local newspaper asserted that the Otsego Forest Products Cooperative was the only setup of its kind in the country.⁶

The Great Depression meant that struggling members could not

As part of the funding deal accepted by the Otsego Forest Products Cooperative, farmers had to do some of the construction work on the sawmill. The requirement put the mill’s opening behind schedule.



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The farm of John Holling, a member of the Otsego Forest Products Cooperative, was fairly typical of those who joined: a small, modest house, barn, and pasture lands with a woodlot.

put up capital to finance the mill's construction, however. The federal government's Rural Resettlement Administration took over the functions of the New York State Rural Rehabilitation Corporation and agreed to lend the money. This agency was empowered to lend money for industrial operations that would help struggling farmers. One of the stipulations of the loans was that local farmers had to be employed for constructing the mill, but not all farmers were skilled at construction. It took much longer than planned to build the mill and get it ready for operation. Meanwhile, interest was coming due on the loans. The original plans called for paying the federal minimum wage of twenty-five cents per hour. However, the Rural Resettlement Administration asked the cooperative to pay workers forty cents per hour. By 1938 no loan repayments had been made and more money was needed. Further federal loans were secured. A small circular mill was put in operation and some lumber was produced, but it was not until the end of 1940 that a bandsaw mill was operating, fully five years after the formation of the cooperative.⁷ During World War II, Quaker conscientious objectors housed in a nearby camp were engaged to operate the mill and work on other public projects in

the area. Although some residents considered them "slackers," most seem to have accepted them.⁸

Management was a problem, as was competition from other for-profit mills in the area. However, with the hiring of J. Leith Violette, a competent manager, in the spring of 1941 and the rising demand for lumber fueled by World War II, the operation moved ahead. Membership rose from 430 in June 1940 to 631 in December, and by 1949 there were 1,026 members.⁹ All were landowners who had agreed to sell logs to the mill and purchased at least one share of common stock. In the local press, the U.S. Forest Service praised the cooperative as being the only noteworthy forest products cooperative with integrated forest management, marketing, and processing.¹⁰

When the mill began flourishing after the war, the cooperative drew some international attention. In October 1951, a group of Norwegian foresters visited the cooperative and toured members' woodlands. Norway had a history of producer cooperatives but especially wanted to see how the U.S. experiment was working out and what they could learn.

A MIXED EVALUATION

About a year before that visit, the Forest Service had published an

evaluation, written by two federal forest economists, that praised the success of the cooperative. Forest Service Chief Lyle Watts wrote in the foreword that it was "one of the most successful cooperatives in this field" because of its "unique feature": the Otsego co-op "eliminates the perennial conflict of interests between the small woodland owner and the processor of forest products. The cooperative does its own processing and thus provides the basis for an integration of forest management with forest utilization."¹¹

The report also documented the financial struggles of the cooperative and its mill in the previous decade, foreshadowing what was to come.¹² Financial difficulties had always plagued the mill, the authors noted, and the difficulties still "hung like a black cloud over the Otsego cooperative."¹³ The problems stretched back to the beginning, starting with excess capitalization, and in hindsight, a bandsaw mill was a poor choice for the time. Government loans could not be repaid on time. The Cooperstown

Chamber of Commerce, which had supported the concept of the cooperative, in 1946 agreed to help by refinancing it through bank loans. In 1948, for the first time in its twelve-year history, the cooperative paid stock dividends, made possible largely because price controls on lumber had been lifted in 1946 and the price of lumber subsequently shot up.

But twelve years is a long time for a farmer to wait for a profit. The cooperative's organizers failed to appreciate that typical family or farm forest owners do not actively engage in management of their woodlots every day, not in the same way that they tend to the agricultural part of their operations or work in nonfarm jobs. It was more difficult to sustain a high level of interest in the cooperative, compared with dairy and other agricultural cooperatives. At the same time, farmers were getting a better return from their labor by concentrating on dairy operations than from doing their own logging. Log deliveries slowed. In time, the cooperative began employing logging crews to obtain logs.

At the co-op's 1954 annual meeting, manager Violette stated that nationally, too much lumber was being produced and many mills were closing. The cooperative decided that instead of buying all logs that landowners wanted to sell, it would purchase only those species and grades that could be sold above production costs.¹⁴ This was a reversal of the original objective of working to improve the long-term productivity of the region's woodlots.

In October 1953 a fire at the mill site destroyed the boiler room, machine shop, and piles of slab wood, though the main sawmill building and inventory of lumber were saved. In 1959, Violette left to take a position with Catskill Craftsman Company in Stamford, New York. At the 1960 annual meeting, the cooperative's president, Adelbert Blencoe, and the new manager, Marshall Green, stressed the need to replace worn and obsolete machinery.¹⁵

As other for-profit mills became more efficient and modern in operations, interest in the cooperative as a market for logs declined. Landowners did not see the benefit of getting shares in the business instead of a higher price for logs elsewhere. Over the years the cooperative paid out very little. In addition, landowners were turning to other sources of technical assistance. The cooperative's last forester was Robert Williams, who subsequently left to join the state's conservation department. Speaking at the 1960 annual meeting, Williams, by then in his new position, outlined the services available to private woodland owners across the state through the New York State Forest Practices Act.¹⁶ Through this program, landowners who agreed to manage their lands sustainably would get free technical assistance in selling timber and other forest management practices. The value of the cooperative's forest management assistance slid further.

In early 1962 the cooperative's mill closed. The mill and equipment were purchased by Fairbairn Lumber of Margaretville, New York, in 1963 with plans to reopen the mill. For several years, the company used the site as a place to buy and accumulate logs for transport to its mill in Margaretville. Today the site is unrecognizable as a mill location. For many years one enduring legacy of the cooperative remained visible in the woods: the cooperative's foresters used a very durable mixture of milk and red paint to mark timber. But those marks, too, have faded.

The overall lessons are that a forest products cooperative is not like an agricultural one, that careful attention must be given to hiring skilled managers, that interest and activity in family- or farm-owned woodlots tends to be sporadic, and that competition from for-profit firms will probably be too much for a cooperative to sustain. Nevertheless, the idea of establishing woodland owner cooperatives did not die with the Otsego experiment. In

the 1970s there were calls for family forest owners to band together to produce fuelwood. A few attempts soon collapsed. The desire to make it work will probably persist as long as people see the profits made by corporations but not the technical expertise and the economies of scale needed to be successful.

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NOTES

1. By 1939, 72 percent of the productive labor on Otsego County farms was expended on dairy cattle or the crops produced for dairy feed. James C. Rettie and Frank Ineson, *Otsego Forest Products Cooperative Association of Cooperstown, New York: An Evaluation* (Washington, DC: Agricultural Information Bulletin No. 17, U.S. Forest Service, 1950).
2. This report contains a concise history of the first two decades of the cooperative.
2. R. H. Rogers, "Centralized Management and Marketing Applied to the Woodlands in the Cooperstown Forest Unit" (Master's thesis, New York State College of Forestry, Syracuse, 1934); and Rettie and Ineson, *Otsego Forest Products Cooperative*, 4–5.
3. Rettie and Ineson, *Otsego Forest Products Cooperative*, 6.
4. Rettie and Ineson, *Otsego Forest Products Cooperative*, 7.
5. Rettie and Ineson, *Otsego Forest Products Cooperative*, 5.
6. "Tier News," *Binghamton (New York) Press*, November 13, 1939.
7. Rettie and Ineson, *Otsego Forest Products Cooperative*, 20.
8. *The (Albany, New York) Knickerbocker News*, June 6, 1941.
9. "Forest Board Told It's Buyers' Market," *Oneonta (New York) Star*, August 18, 1949.
10. "U.S. Praises Program of U.S. Forest Co-Op," *Binghamton Press*, February 14, 1948.
11. Lyle Watts, "Foreword," in Rettie and Ineson, *Otsego Forest Products Cooperative*, iii.
12. Rettie and Ineson, *Otsego Forest Products Cooperative*, 20–22.
13. Rettie and Ineson, *Otsego Forest Products Cooperative*, 20.
14. "Robert Johnson Jr. Elected Head of Otsego Forest Co-Op," *Oneonta Star*, May 27, 1954.
15. "Forest Products Co-Op Elects," *Oneonta Star*, May 31, 1960.
16. "Forest Products Co-Op Elects."

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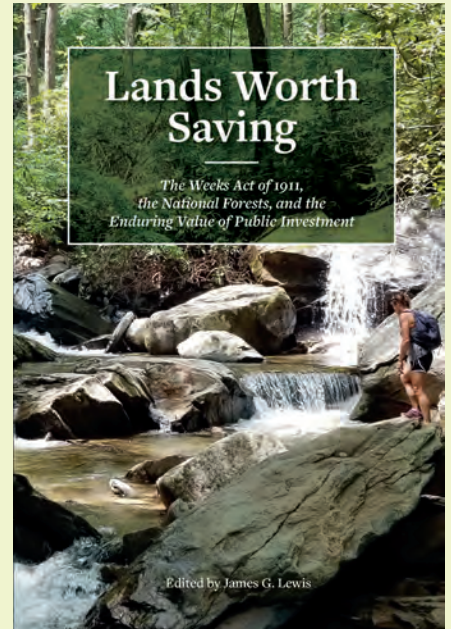
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James G. Lewis, ed.

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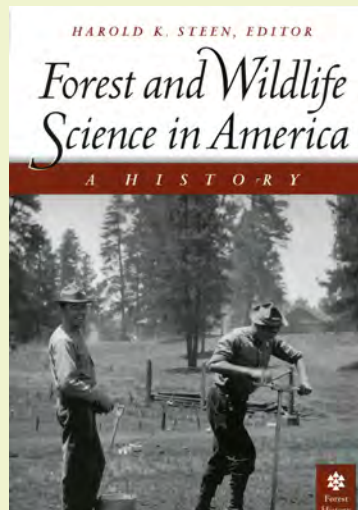
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James G. Lewis is the author of *The Forest Service and the Greatest Good: A Centennial History* and has served as editor of *Forest History Today* since 2007.

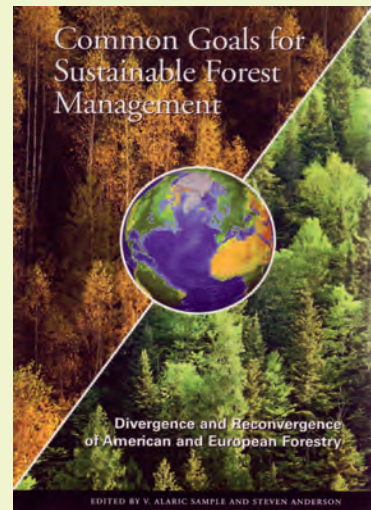


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