

Case Study 8.5

Olympia Veneer co-operative

Established in January 1921 with two hundred shares worth \$500 each, the Olympia Veneer co-operative is one of the most successful (in financial terms) worker co-operatives in US history and pioneered the development of a robust and profitable plywood co-operative sector in the northwest of America between the 1920s and 1950s.¹ The co-operative had around 120 members originally and swiftly established itself as a profitable business throughout the 1920s and 1930s. As a result of this rapid expansion, the company began hiring non-members in 1922 and this practice continued apace for the rest of the co-operative's existence. The company operated successfully for more than thirty years and was bought out in 1955. By the time the company was sold however, there were one thousand non-member workers and only sixty-nine members. Of those sixty-nine members, twenty-three realised an average return on their shares of \$652,000.² The degeneration of the company arose due to the rapid increase in the value of the shares over the lifetime of the co-operative. It simply became too expensive for prospective members to purchase shares in the company and so the member levels were gradually diluted.

¹ Plywood Pioneers Association, 'Olympia Veneer Company' *Plywood in Retrospect No. 7*. (Tacoma: Plywood Pioneers Association, 1969), p. 3.

² S. Bowles, *Microeconomics: Behavior, Institutions, and Evolution* (Princeton: Princeton University Press, 2006), p. 331.

