The Pacific Northwest revisited:

The anticipated slowdown arrives, but it is the result of the national economy, not of the ‘bang’ of Mount St. Helens

Last month, Construction Dimensions visited with Bob Drury, executive director of the Northwest Lath and Plaster Bureau. In that exclusive interview, Drury addressed a number of topics, including the forecast that -- despite healthy building activity in the Pacific Northwest during the first half of 1980 -- some slowdown in work would come this year.

This month, we talked with Ed Charles, the executive director of two promotional funds and two contractor associations in the Great Northwest. Charles confirmed what Drury forecast. Economic indicators clearly spell a slowdown has arrived in the area.

Charles says, however, the slowdown will be temporary. He fully expects work to be on the upswing by the end of this -- or early next -- year, and his employer organizations are armed with a brace of new labor agreements and promotional programs with which to meet the challenge of new growth.

Charles’ economic confirmations are only one facet of this month’s interview. He also touched on the impact -- that is the real impact -- that the eruption of Mount St. Helens has had on the Pacific Northwest and its construction industry.

He says plainly “Frankly, I think people in this part of the world are tired of hearing about it (the volcano).” He says the natural phenomenon was something to see, but was nothing compared to the media explosion that followed when the mountain blew its top for the first time last May.

Charles is a multi-faceted executive director, handling the two promotional funds and two major drywall contracting organizations. The two industry promotional funds are exactly that: funds that promote
the use of the systems and products of the drywall industry to architects, designers, other building planners and owners. In that respect, they serve as the promotional arms for the two contractor associations, but generally, the promotional funds include larger monies and employer contributors beyond the contractor associations. The promotional funds come from signed labor agreements under which signatory employers contribute a fixed amount in accordance with employee hours worked. The donation to the industry fund is mandatory in that it is a direct part of the labor agreement. Membership in the contracting associations is voluntary. The distinction can be important, as Charles once found out during a labor negotiation.

At that time, in the emotional atmosphere of negotiations, the question arose as to whether Charles was suffering a conflict of interest since he was the director of the promotional fund. When the air was cleared, it was finally understood that he was active in the negotiations as a representative of the contracting associations. Participation in negotiations is one distinction between the two functions and is one of the distinct services provided by associations.

But the incident underscores the need to understand the differences between the two promotional funds and the two associations: The Northwestern Drywall Contractors Association and the Associated Interior Contractors’ of Oregon and Southwest Washington. Some of those differences -- what each is and is not -- were touched on during the interview, which follows:

**DIMENSIONS:** Ed, we have touched on the differences between promotion funds and contracting associations. Is there a simple definition?

**CHARLES:** The promotional fund -- which is mandatory on signatory employers as part of the labor agreement -- provides funds to promote the products and systems of the drywall industry. The contractor association -- which is voluntary as to membership -- provides a forum in which contractors can discuss and act in areas of common concern. For example, labor negotiations, educational programs, our annual convention, and lobbying efforts.

**DIMENSIONS:** So, the members are different?

**CHARLES:** Yes. Generally, the involvement in the promotional fund is larger in numbers than the involvement in the associations. Our members would be involved with non-member firms in the promotional funds. But, we do have an active membership in both associations and I’m proud that we have seen a steady growth.

**DIMENSIONS:** Let’s start with the promotional funds, then. What kind of activity is going on there?

**CHARLES:** We are continually providing for the promotion of the industry through advertising and through contact with architects and other designers of buildings. We are in the process of developing some
slide/sound presentations focusing on our industry. Some of these activities are undertaken jointly by the two promotional funds.

**DIMENSIONS:** All right. What has been going on with the associations?

**CHARLES:** We have just concluded our annual convention, which was held jointly between the two associations. We completed a three-day program of exhibits and educational sessions for about 130 persons who attended. We continue to work in the area of legislation -- I have been a registered lobbyist for the past three years, and we are regularly in touch with the legislature on major issues affecting the industry.

**DIMENSIONS:** Didn't you also just complete negotiations for and the signing of some new labor contracts?

**CHARLES:** Yes. We have a new agreement with the painters and drywall finishers in Washington. And the contract with the carpenters and lathers there has another year to run. In Oregon, we have just seen the signing of new agreements with the painters and drywall finishers and with the carpenters and lathers.

**DIMENSIONS:** Didn't that Oregon negotiation conclude after strike actions?

**CHARLES:** We had a prolonged carpenters' strike. They went out on June 16 and did not return until July 16. The painters and drywall finishers went out the first week of July, and they remained out for eight days. So, we had a shutdown period. We settled with the painters, but went to federal mediation with the carpenters. We had three votes with the carpenters, and after the third one, they accepted our offer and signed a new three-year agreement.

**DIMENSIONS:** Did the strike leave hard feelings or was everyone satisfied?

**CHARLES:** First, let me say that we have an outstanding relationship with our labor organizations. Often during the negotiations, things will come up that aren't really fully addressed. They get put on the back burner to be addressed in the future. Our way of readdressing these things is to have a monthly meeting, with joint representation of management and labor and discuss these things. In the specific negotiations, there were some minor additions and alterations to be worked out -- and they were. The only salary negotiation was a question of premium pay, but the settlement was at the rate of the broader AGC master agreement, which is what
management offered. But, because of the rapport, I think everyone was happy.

**DIMENSIONS:** So both sides won?

**CHARLES:** In a strike situation, neither side wins. But I was especially proud that our association put forth its position and elected to hold to it as a group. I’ve seen situations where a strike could tear an association apart. When it was all over, the association was never quite the same. But our association held together and decided that for the good of the industry, they would remain together. That helped in the negotiations and it kept the lines of communications open.

**DIMENSIONS:** What other areas have your associations been active in lately?

**CHARLES:** We have recently hired a full time architectural consultant, who will be advising the membership on a wide range of topics. His name is Tom Nass. He will be based in Seattle and will be very active in the Washington area. He will also -- from time to time -- work with the southwest Washington and Oregon areas.

**DIMENSIONS:** The assumption is, then, that the work must be holding firm in the Great Northwest.

**CHARLES:** In reality, we have seen a pretty substantial slowdown in terms of the specifications and new jobs coming in. This is reflected in our employment situation. For the first time in three years, construction workers are in the ranks of the unemployed here. Previously, we not only had theoretical 100 percent employment, we were noting acute shortages of skilled labor.

**DIMENSIONS:** I would assume that this is fallout from the national economy and not from the volcano.

**CHARLES:** Yes, it’s tied to the economy. The volcano has had very little impact on construction. Except for the first day it erupted in May, it has really been little more than an irritant to people here.

**DIMENSIONS:** But we have all seen pictures of the immense damage. Won’t that affect the environmental purity of the area, and in that sense have some long term impact on the area?

**CHARLES:** I wouldn’t minimize the damage, but the fact is that except for some brief interruptions of work during the cleanup construction has certainly not been affected. The whole thing was blown way out of proportion in the media, especially in terms of what’s supposed to be laying all over the ground -- the ash and rocks. That simply isn’t true, and it won’t affect the future growth of this area. People like it here. People in the construction industry will continue to come here, because like the south, we’re growing. The skylines of Seattle and Portland are changing dramatically.

**DIMENSIONS:** So, you expect the slowdown to be temporary?

**CHARLES:** Definitely. I would expect things to be back to normal by the end of the year or early next year. Normal here is busy anywhere else. Barring a total economic crash -- and I’m talking about something on a nationwide basis that would affect everyone -- I see no reason why this area will not continue to be a dominant construction market for the next 20 years.

**DIMENSIONS:** Let’s look at that market. Is it primarily drywall or plaster?

**CHARLES:** By and large, it is drywall. There is certainly plaster work going on. Particularly in the institutional areas -- hospitals and schools -- the call is for veneer plaster. But the bulk of the commercial and light industrial buildings are being completed in drywall.

**DIMENSIONS:** We’re talking a lot in this issue about demountable partitions. Isn’t it true your
membership is extremely active in this area, too?

CHARLES: Yes, that’s very true. Look, we have a single member -- one -- that is exclusively a drywall contractor. Every other member is diversified. Some go so far as to do special computer flooring. But they are all interior specialists -- very highly diversified in the classic sense: acoustical, walls, partitions, doors and hardware and floors.

DIMENSIONS: When they do demountable, is the work generally full wall or landscape?

CHARLES: I think the trend here is for movable full walls, when partition work is called for. That’s what most designs seem to specify. Everyone pretty much has a manufacturer’s line to sell, though, so there are certainly times when a full landscape or other detached, free-standing partition system would be installed.

DIMENSIONS: So, if you had to summarize this interview in a single answer, what would you say about the years ahead for your industry?

CHARLES: We are working hard on being a growing association. We are proud that we held on together during the strike -- we’ve proved our ability to hang tough collectively for the good of the industry. Through our promotional funds, we are telling the industry’s story where it needs to be told. And we’re in a growing family area that will only continue to grow. The future looks very promising.

DIMENSIONS: You left out the volcano.

CHARLES: Well, of course we hope that it will remain stable and not cause any more problems than the inconvenience it has been so far. But, frankly, I think people in this part of the world are a little tired of hearing about Mount St. Helens.