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The Great Northern Paper Company, Chapter 16: Of More Things

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C H A P T E R XVIOF MORE THINGS

This part of our story will include the World War II years. Much that we write about will have nothing to do with the war; we have already anticipated certain developments; there is a dearth of information about some of the things that happened, and memories are somewhat confused by the very complexity of the events of those times. However, let us proceed.

Nothing much happened in the first few months of 1939, other than things that we have already mentioned. The price of newsprint remained unchanged for the year. Announcements were made early in November, 1938, almost at the same time, by International and Great Northern, the former extending its \$50 New York price, freight allowed, the latter holding to its \$48 price, through the usual discounts on multiple-year contracts at higher figures. Most of the Canadian industry followed I.P.'s lead; most of the United States mills followed Great Northern.

It will be remembered that the Canadian mills' price of \$50 established as of January 1, 1938, had represented a jump of \$7.50 a ton, a very large figure in comparison with the modest increases of the previous two years. Shortly after this price took effect, the Justice Department, at the instigation of one or more publishers, had sicced the Federal Trade Commission onto the newsprint industry again. This investigation developed some odd angles, and we have to go back a little to develop them.

On March 24, 1938, the F.T.C. had sent a questionnaire to United States manufacturers. The Company's answer took the Auditing Department more than a month to prepare. At the same time, another questionnaire was sent, apparently to a single publisher, a member of the American Newspaper Publishers' Association. This brought forth from the A.N.P.A., on April 8th, their Bulletin No. 6818 "B" Special, which began with the head "PUBLISHERS NOT OBLIGED TO SUPPLY MATERIAL SOUGHT IN FISHING EXPEDITIONS OF GOVERNMENT AGENCIES"; listed the questions asked, and commented in part:

"But one glance at this request is sufficient to indicate not only the amount of work required...but the impropriety of the request itself....The members are under no legal obligation to answer the questionnaire.

This inquiry is typical of those which emanate from many bureaus and agencies of the government....Counsel advises that publishers refer them to their attorneys before compliance in whole or in part....Fishing expeditions may be resisted successfully, if the inquisitors are delayed until the rights of the parties are determined. Partial compliance with illegal requests may result, however, in opening the door and making it difficult later to eject the intruders."

In view of what had gone on in the past, this attitude was so hypocritical that it incurred the wrath of the President of the International Brotherhood of Paper Makers, an organization hitherto not exactly a bosom pal of the newsprint manufacturers. He put out a bulletin of his own, printing the publishers' special

memo in toto, and under it the head "BEHIND THE SCENES THE A.N.P.A. CARRIES ON THIS WRECKING ACTIVITY"; went on to say that the Federal Trade Commission had undertaken to investigate the newsprint price increase at the request of the publishers; that in order to be fair it had tried to obtain complete information, and that

"we suddenly discover the A.N.P.A. in the act of circulating a bulletin to members, advising them that they are not required to furnish material for a government 'fishing expedition' Publishers apparently denounce the high cost of newsprint, and they offer it as an excuse for low wages, for 'economy dismissals' and for higher circulation and advertising rates.

It is recalled that it was finally determined, after many American mills had discontinued the manufacture of newsprint, and more than 50% of the Canadian mills were in the hands of receivers....that prices should be advanced. Therefore in 1937 a slight advance was made in the price of newsprint, and the 1938 price was boosted from \$42.50 to \$50 per ton by every company except the Great Northern. Loud cries of anguish were heard from the organized publishers over this increase, and they....petitioned the Federal Trade Commission for the thorough investigation which they now sabotage and wreck.

The publishers had been able to inveigle at least two locals....of the Typographical Union to adopt resolutions demanding the investigation. These unions can now be well ashamed for having been used as stooges....

It is the opinion of the International Brotherhood of

Paper Makers that the manufacturers of newsprint would gladly welcome any complete or thorough investigation of prices. It is believed that such an investigation would prove that publishers themselves have wrecked the industry through just such tactics as they now use, and that it would be found that newsprint prices are not yet sufficiently high enough...."

The deletions, like those which we have made in quotations in other parts of our story, do not change the sense. The A.N.P.A. Bulletin was very effective with its members, as we will see. If the Paper Makers' outburst had any effect on the situation it was not noticeable, but it gave encouragement to the newsprint manufacturers, and was a sign of the growing recognition of the common interest of labor and management in the welfare of the industry. This persisted, at least as far as Great Northern was concerned, for a good many years.

On April 28th, Sheldon Wardwell wrote Edwin Bechtel a letter in which he stated that the F.T.C. announcement had indicated that it was to look into "combinations", but that it had turned also to possible violations of the Robinson-Patman Act, and that this raised some questions about the price zoning system, saying: "As the Company's action has been almost too independent, there should not be much concern....but the anti-basing-point theories of the Commission trouble me quite a little in spite of my opinion that there is no violation."

Early in June, representatives of the F.T.C. interviewed

officers of the Company and went through the files of the Sales Department, taking copies of more than one hundred letters going back to 1931. They also, of course, went through the files of others, and an examination of the correspondence of at least one company drew the comment: "such letters as refer to the G.N.P.... show very clearly from 1934 on that no one knew what the G.N.P. was going to do". The writer does not remember any hearings, and does not recall that anyone except Sheldon Wardwell, who was a chronic worrier, had any real concern about this inquiry, Great Northern's management being of the opinion that its historically independent stance put it in a special position.

The investigation was a dud. The terms of reference under which it was conducted went back to a 1917 consent decree against several firms for price fixing -- there were so many investigations of the newsprint industry that it has been difficult to keep track of them -- and the investigators had discovered what anyone could have told them before they began, that very few of the United States mills of 1917 were still in the newsprint business, and that whereas in that year they had made 75 percent of domestic consumption, they now made only about 25 percent.

The Federal Trade Commission report was made to the Department of Justice in January, 1939, and Attorney General Thurman Arnold's office issued a statement a little later, admitting in effect that the inquiry had been undertaken on a mistaken premise, but, that because certain evidence had been uncovered, it would be continued in two programs; a further general investigation, and a special

inquiry into the situation on the West Coast. As to the former, Sheldon Wardwell wrote: "I doubt that they have anything on United States companies, and certainly nothing on the G.N.P., yet you never can tell what they may try to do." They did not do much of anything as regards the Eastern mills, the only result being that International dissolved its sales subsidiary, incorporated in the United States, and re-established it in Canada, removing it from U.S. legal jurisdiction, a move which as the writer recalls, was followed by some other Canadian producers having the same kind of sales subsidiary, division or agency.

In June, 1939, at the beginning of this new witch-hunt, a questionnaire was sent out by the F.T.C. to a long list of publishers. Following the advice of the A.N.P.A., many of them did not answer, and some of them took the trouble of expressing their opinion of it to the Company. Like this, to salesman John Dwyer in New York:

"Dear John:

If the government could put me in jail for what I think about some of its fool ideas, you would never see me at large again. I have just sent in this paper's contribution to Thurman Arnold's inquiry as to the general iniquity of the newsprint makers....I am sending you a copy of the fourth question and my reply thereto. I hope he sends me a summons to appear at a hearing in Washington. If he does, I'll stop by for you on the way.

Question 4. From what manufacturers, jobbers or paper merchants have you bought newsprint since January 1, 1936?

If possible please specify as to year.

Answer. Great Northern Paper Co. exclusively....

We have purchased all our paper from the Great Northern since 1913 or 1914, at the prevailing market price and under prevailing conditions as to contract renewals. We have neither been favored nor discriminated against. We so highly regard the Great Northern that we would take their spoken word as quickly as their written bond in the matter of newsprint service."

From another to John Grissinger in Philadelphia:

"Dear Mr. Grissinger:

...Until I am subpoenaed with twenty-seven subpoenas I will pay no attention to this request...."

And one more:

"My dear Caspar:

I presume you had copies of the Government inquiries which I enclose. As I do not tell Dun & Bradstreet any of my business, why should I tell Uncle Snoopy? I've already lost much of the respect I formerly had for the aforsaid organization.

Hitler must be laughing up his sleeve at us -- and why not? He is at least honest about it -- and I think he should be shot. It would help save civilization.

The world has seen nothing as yet. Give the dictators time.

Yours in disgust"

This letter was written well before the German blitzkrieg against Poland in September 1939.

On the West Coast, seven companies, most of which had mills or interest in mills on both sides of the border, were indicted later in the year for price-fixing. The proceedings dragged along until 1941, when some or all of them pleaded "nolo contendere" and paid nominal fines. The whole business was a waste of time.

Early in 1939, the salary of the Vice-President and Manager of Manufacture was raised to \$20,000 -- we give these figures on the officers' salaries to show how relatively small they were even for those times; in March \$100,000 more or less was appropriated to begin to put larger motors on the four-foot grinders at Millinocket; in April \$500,000 was voted to carry on the Mattaceunk job to September 1st; in May another \$180,000 was provided to purchase and install No. 3 unit, and in September, \$550,000 was appropriated to complete the project, the estimated total cost being given to the Directors at this time as \$2,630,000. This may not have included the fourth unit, as there was another appropriation for that later. In the same month, the Company gave the town of Millinocket 60,000 square feet of land in Block 58 for a new armory in exchange for Lots 19 and 20 in Block 20, where the old armory stood. About the same time, it donated 7,500 square feet of land in Lots 30, 31 and 32 on Aroostook Avenue on which to build a new fire and police station. An interesting side-light on this was that William A. Whitcomb interested himself in the design of the proposed new building, and sent the writer to inspect and report on a new station of about the same size and for the same purposes,

recently constructed on Nantucket Island, which he had heard was the last word and the echo. The writer found the layout and the pseudo-colonial architecture unsuitable, in his opinion, for Millinocket, but developed a preliminary plan incorporating some of its features, which was worked over into the building erected. Another payment of \$44,580 was received from the Central Maine Power Company for another piece of Great Northern's interest in the Brassua Storage. This was due to an increase in C.M.P.'s developed head on the Kennebec River, but the writer does not recall what the development may have been that brought this about.

For the year 1939, the Company produced an amount of newsprint that figured out to 105.6 percent of capacity, using an average of just under 9 percent sulphite for safe running. This compared with about 7 percent in 1937 and 5-1/2 percent in 1938. These two years represented the low point in the Company's use of long fibre. Both had been excellent water years, allowing more power to be used per ton of groundwood, with resulting better quality pulp. When the writer began working for Great Northern, the furnish to the machines averaged about 23 percent sulphite. This had been worked down to 19 percent by 1929, when the Millinocket machine room was rebuilt, at which time many other mills were still using around 25 percent. In the next ten years, it had gradually been reduced to the 9 percent figure. In 1937, however, the tremendous demand had created a situation where the quality of the newsprint produced was of secondary importance, while low price had kept the emphasis on low cost. In view of the slump in business in 1938, low cost had been the prime need, regardless of the effect on quality. Under these pressures, the percentage of long-fibre pulp in the paper had

been driven to further unprecedented lows -- for the year 1938 the East Millinocket mill averaged only 4.3 percent, and as we have said elsewhere, actually made newsprint for a few months using no long fibre at all. While 1939 was also a good water year, the heat was on production, and for safer running, the lid was lifted on sulphite. However, 9 percent was still a low figure, and one which, at the time, it seemed possible to maintain. We have given some importance to this matter here, because it has a bearing on what follows.

The second unit at the Mattaceunk station went into operation on November 7, 1939, and on November 8th the Directors authorized the expenditure of \$350,000 to rebuild the old No. 1 paper machine at the Millinocket mill to increase its capacity by 25 tons per day. This was a decision which in its final consequences may have been one of the most important in the history of the Company.

It will be recalled that in the middle 1920's the original Nos. 7 and 8 machines at Millinocket, making at that time about 50 tons of paper per day each, had been replaced with new machines of practically the same width, but which, running at higher speed, could average about 75 tons. Following this installation came a decision to replace the six remaining old "two-roll" machines with four wide "three-roll" units. This was based upon studies of the installation of six 2-roll vs. four 3-roll machines made beginning back in 1927 and put into formal shape early in 1929 by Roy Weldon, working with the operating people. The increase in production -- 150 tons per day -- would have been the same in either case. The difference in the cost of installation, including the rebuilding

of the machine room, which would be required in any event; auxilliary equipment, spare parts and a new roll grinder if the wide units were chosen, estimated at \$3,436,000 for six 2-roll and \$3,659,000 for four 3-roll units, was small. More production would be lost while installing the large machines than while putting in the smaller ones, but the cost per ton of making paper on the former was estimated to be marginally lower, the saving coming almost entirely in labor. That was the deciding factor, because the equipment was going to make a lot of tons, and the machine room, as we have noted, was rebuilt, between 1929 and 1932, to house four 234" machines.

It is interesting to note that in these studies no weight was given to really high speed operation. Fifteen years before, in Garret Schenck's time, Great Northern had been the leader in the promotion of high-speed, high-production equipment. It had obtained a proposal on a 236" machine as far back as 1919, and it had been only eight years since it had been the first to break 1000 feet per minute, but the 1929 report contains the statement: "It is generally agreed within our organization that the most desirable speed for economical operating is around 900 feet per minute." Looking back from this point in time, this conclusion seems incredibly short-sighted, and it did not hold up, but there was a reason for it, which we will go into shortly.

While the arrival of the depression removed the immediate need for increased paper production, and the decision to postpone replacement of the paper machines and start putting the money available for capital improvements into the Millinocket grinder room, other cost-saving jobs and every repair that could be capital-

ized, was deliberate, the diversion of funds into the power developments was dictated by necessity, and as we have seen, the surge in demand following the lean years caught the Company with its capacity down. Between these two points some things had happened which determined the path it followed.

The plan of beginning to replace the Millinocket machines had not been dropped abruptly in 1930. Studies of the operation of the new wide machines at Bucksport were made shortly after they started up. A new quotation was obtained from Rice Barton on a 234" machine in 1931, and it may be of interest to note that the price of a machine of this width at that time, exclusive of the drive, winder and auxilliary equipment, was \$310,000, down from \$350,000 quoted in 1929. The Dalhousie machines, which were running at about 1,200 feet in 1931 were studied, and in 1932 new quotations on a wide machine, a General Electric drive, a Cameron winder and various auxilliaries were obtained. Far-sighted William O. McKay was most anxious to proceed, in spite of business conditions, and in a way because of them, and was using all his powers of persuasion to pry loose some more money and get something going. On January 26, 1933, he wrote several letters to Frank Bowler, asking him to re-examine the costs involved in installing a 234" machine, offering such suggestions as using an old broke beater available at East Millinocket, leaving out the economizers, and even using expedients like a half-length crane which could be set on temporary steel to serve one machine and later be lengthened to the width of the room. At the same time, with every machinery manufacturer starving for business, requests for revised quotations were put out again to the suppliers of auxilliary equipment. On January

27th, he sent out a joint letter to Frank Bowler and Bob Hume, the Superintendent of the Millinocket mill:

"During the past week we have been giving considerable thought to the installation of a wide machine at Millinocket, and the middle of the week Mr. Barton was here and Mr. Whitcomb and the writer had quite a long discussion of the matter with him:

We advised him that there would have to be a material reduction in the price of all equipment in comparison with the figures previously furnished if we were to attempt to install a wide machine during the present year. Mr. Whitcomb feels that we could lighten up many parts of the proposed machine without seriously interfering with its operation.

In a general way, he says take a machine similar to No. 7 and simply lengthen it out to the three-roll width. There probably would be some difficulties in following this idea out to the letter, but on the other hand the scheme is worthy of most serious consideration....."

This was the kind of merciless bargaining which we have described in the chapter on the Boston office in the depression years. Rice Barton had already come down to \$298,000 for the machine in the 1932 round, and now cut again to \$276,000. The prices on most of the auxiliaries were also lowered, and Frank Bowler figured an \$8,000 saving in installation cost. While all this was being considered, the problem of low water shifted the emphasis to power needs, and any action on a new machine had to be put aside for the North Twin project.

By the time this station was on the line, William O. McKay was hammering away again at the proposition of new paper machine equipment for Millinocket, but now he faced a new obstacle, to wit, William A. Whitcomb's reversion to the belief that good paper could not be made economically on wide machines. This question had pretty well been put to rest in the 1929 and later studies, as far as William O. McKay was concerned, but the President had never been fully convinced. His reasoning went something like this. Sulphite pulp cost a lot more than groundwood. The Company had been able to survive and even make money by getting its long fibre content down, and besides, a low-sulphite sheet, even if it was always near the bottom of the rolls per break list in the pressrooms, had better printability -- witness the fact that year after year the honors in competition for quality of printing had been taken by daily newspapers using Great Northern newsprint. The ability to use low sulphite depended upon good groundwood and good formation, along with moderate speed, long fibre percentage being considered to go up in direct ratio to the latter, for safe running. The Company made good groundwood, at least when it had enough power, but formation depended upon the way the stock got onto the wire and what happened to it after it got there. In the old days, it had been possible to aid formation by shaking the wire, in a mechanical approximation of the old method used in making paper by hand. The rule of thumb was one shake stroke per foot of speed, and as speeds had gone up, shakes had become less and less effective, because the old eccentric-driven heads could not take it, so shakes were no longer much used, but William A. Whitcomb was convinced that they should be, and new straight-line heads had been developed which could get up to 1,000 strokes per minute, more or less. However,

it was inconceivable to him, as an engineer, in view of an experience which we will speak of later, that the huge mass of a 3-roll forming section could be shaken at this rate. Ergo, the way to make good newsprint economically was to run it at reasonable speed on a fourdrinier that could be shaken, which meant a two-roll machine and an arbitrary speed of 900 to 1000 feet per minute.

By 1936, he had pretty much made up his mind that this was the course that should be taken, although he listened attentively to arguments for wide machines, and there were many. However, the small cost advantage in favor of the large units indicated by the figures, assuming that either size would run at the same speed, seemed to him to be tenuous, and did not justify what he considered to be the risk of going from the known to the uncertain. He had some support from Frank Bowler and some of the mill people for other reasons; for instance that if one of the big machines went down there would be more loss of production than if a smaller unit quit; that installation of a small machine could be accomplished with far less disruption of operations, and even that it would be almost imperative to use anti-friction bearings on the dryers of a wide machine because of the terrific starting load, but that nobody had developed a satisfactory bearing -- a fallacy based on troubles with some early installations. The proponents of the wide machine, William O. McKay, Roy Weldon and Creighton Stanwood, found this low sulphite and moderate speed premise hard to dispute, although they did not buy the theory on the shake, and what was "moderate" speed was relative; the proposed optimum 900 feet already having been forgotten in the need for more production; and

had to depend upon the figures, which they felt they could sustain or even better, and the gut feeling that "fifty million Frenchmen can't be wrong." Everybody was going to the wide units. This did not impress William A. Whitcomb a bit. Great Northern did not follow anyone just to be fashionable. There was a little thought, up to that time, of going beyond the projected production increase of 150 tons per day, which would make Millinocket an 800-ton mill, because there was not power enough in sight for even this tonnage, to say nothing of the large expenditure that would be required in the pulp mills. The greater potential of wide machines for increased production in the future, a big point in their favor, was therefore not much of a factor. Neither were Bob Hume's pleas for improvements in the sulphite mill which would allow him to make better pulp, so that less of it would have to be used.

The two propositions had been argued over and over, without any real heat, William A. Whitcomb not openly ruling out the wide machines, William O. McKay recognizing the merits of the alternative. Early in 1936, visits were made to four mills, Maine Seaboard at Bucksport, Anglo-Canadian at Quebec City, International at Dalhousie, N.B. and Mersey at Liverpool, N.S., all having wide machines running at between 1175 and 1275 feet. All claimed that they could make as good paper on these as they could on narrow machines, but all were using between 18 and 22 percent sulphite against Great Northern's 9 percent. Along about this time the writer was sent out to inspect the manufacturing facilities of three major newsprint machine builders, Bagley & Sewall, Pusey & Jones

and Rice Barton. Neither Beloit Iron Works nor Black-Clawson had much of any experience with newsprint at that time. His report ranked Bagley & Sewall high on quality of machine work; Pusey & Jones high on design for strength, and Rice Barton pretty good all around. The Minton vacuum dryer in use at one of the Price Bros. mills was also investigated, but it was concluded that it was not practical.

New bids were then again obtained all around -- the width of the proposed 3-roll machine being reduced to 228" on account of the changes in newsprint roll sizes which we have noted -- and a complete new study of the 2-roll vs. 3-roll machine proposition was made by Roy Weldon. This wound up strongly recommending the wide machines, to run at around 1,000 feet per minute initially, the investment figuring out about the same in either case, and the saving in cost per ton about twice that estimated in 1929. It did raise the problem of additional power, which would have to be found somewhere, and proposed several schemes for partial new installations until the power could be obtained, all of which favored the 3-roll units, but with a barely discernible saving per ton. This put the "chicken or egg" problem in focus, and as it did not make much sense to put a lot of money into new production equipment that could not increase production, the management addressed itself to the power problem, the replacement of paper machines being shelved until the Mattaceunk project was completed.

All this discussion about paper machines gave William A. Whitcomb, who was always thinking about new ways to do things, some

ideas, and the delays had given him the opportunity to try them out. Back in 1934, he had revived the concept of a cylinder former to replace the fourdrinier, and this was tried out on the experimental machine, a piece of equipment which we have not previously mentioned, but which had been installed at Millinocket for the use of the Bureau and made a sheet about two feet wide. It was not one of his better ideas, and we will not waste much time on it, although the Bureau boys did. The fourdrinier was removed from the machine and a bronze suction roll, with round perforations and no suction box, the whole roll being under vacuum, was installed in a conventional vat. A fourdrinier wire ran around this, over a couple of flat boxes, and returned over the top of the dryer side of the vat, so that it wrapped almost the whole suction roll. The result was predictable -- a beautiful polka-dot formation, and flocking where the wire left the stock. The roll was taken out and a square countersink was cut at each hole, leaving only about 1/16" of land between holes. This made square polka-dots, and did nothing to improve the flocking. The suction roll made an odd noise, giving the little machine its nickname -- the "hornet". The Bureau played with it off and on for two years or more, trying one thing and another, with no success, and the equipment was removed in 1938.

In 1937, after it had been decided to postpone any new machine installation, he began to bear down on formation. In this year, shaking fourdriniers were put on the relatively new Nos. 7 and 8 machines at Millinocket, the wires being lengthened in the process. The writer does not recall the ratio of shake frequency to machine speed, but he knows it was nowhere near the desired parity. However, some improvement in formation and finish resulted -- enough to strengthen William A. Whitcomb's opinion, anyway. This did not

solve the problem of a wide machine. The shaking parts of a 2-roll fourdrinier weighed about 11 tons, and experience did not encourage the prospect of shaking almost twice as much weight at nearly twice as high a frequency. During the discussions of shaking a wide fourdrinier, the Rice Barton people had suggested that there might be possibilities in the McDonnell shake, a device which they had a license to manufacture, and which had been working well for a considerable time on a few slow speed machines making free sheets. Since shaking fourdriniers are no longer common, we should perhaps explain them as simply as possible. The breast roll bearing housings and the rails on each side of the fourdrinier on which sat the table rolls over which the wire ran, were connected, and were supported from the frames beneath on flat springs that allowed a small lateral movement. The table roll rails were pivoted at the lower end, next to the flat boxes. The back breast roll bearing housing was connected through an arm to a powered shake head of one kind or another, by means of which the whole assembly of breast roll, table rolls and rails, and the top run of the wire, were jiggled back and forth, movement being maximum at the breast roll and zero at the rail pivots. Length and frequency of the stroke could generally be varied. All the Company's original fourdriniers were of this type, but at the time of which we are writing no shakes were in operation at Millinocket, to the best of our knowledge, although they may still have been in use at the Lower Mill.

In the McDonnell system, the breast roll and table rolls were stationary. Several of the latter, about half-way down the wire, were replaced by a soft-rubber-covered shake roll of considerably

larger diameter, supported on flat springs raising it several inches above the run of the wire, which wrapped it slightly. The table roll bearings were shimmed up gradually from the suction box and breast roll ends toward the shake roll, to support the wire. The large roll was shaken by a standard shake head, carrying the wire with it, sliding on the table rolls, the movement in this case being greatest at the middle of the forming surface, and zero at the ends.

An installation of this type had been tried on No. 10 machine in 1931, but as the shake roll and bearings weighed about 7,500 lbs., the vibration, when the rate of shake was brought up to near 1,000 strokes per minute, was tremendous. The writer did not see this trial, but has been told that within a few minutes the windows back of the fourdrinier began to fall out, and it was promptly shut down and removed. This was William A. Whitcomb's previous experience with high-speed shaking. It was not a very auspicious background, but in view of his insistence that a shake was necessary, it was decided to try it again, as the only even remote possibility for a wide machine. The project was assigned to the writer. He inspected a working unit in a mill in the vicinity of Boston, and new McDonnell roll equipment and a straight-line shake head were bought, and were installed, again on No. 10. As before, the vibration was unacceptable when the shake got much over one stroke for each two feet of speed, but no windows fell out, and below that point it did shake the wire, and did make some discernable improvement in formation. This was sufficient encouragement to try to find some way to dampen the vibration, and the writer turned to the Submarine Signal Company, of Boston, which, after study,

came up with what became known as the "compensator".

A mass of lead in round, slotted plates a couple of inches thick, its weight exactly equal to that of the shake roll and its bearings, was set in a frame supported by beryllium copper flat springs and mounted on a pedestal back of the fourdrinier, with its center in line with the center of the shake roll journal. A flat, circular plate was bolted to a modified housing on the back bearing of the shake roll, and this was connected to the floating mass of lead by six big coil extension springs arranged in a circle around the straight-line shake arm, which ran from the head through the hole formed by the slots in the lead plates. These were designed to give a harmonic response at the rate of vibration -- 1,000 strokes per minute -- the load on each end of them being equal, so that after the first few strokes the roll and the weight were moving in opposite directions at exactly the same rate of speed, the thrust of one offsetting that of the other. The stroke could be varied, but the speed was fixed. This thing was almost unbelievable. There was 15,000 lbs. of metal moving back and forth as much as $3/8$ " one thousand times a minute, with no vibration that could be felt, except for a few seconds while getting up to speed.

There were some troubles, notably that the wire slipped on the roll, and the soft rubber cover gathered pitch. We will not go into all the things that were done in the effort to correct these conditions, but will just say that the best arrangement was found to be a roll fitted with a felt jacket like that used on the old-fashioned couch. Similar but larger compensators were

put on new full-shake fourdriniers installed in this year on Nos. 7 and 8 machines, and 22 tons of fourdrinier parts and lead blocks vibrated with no trouble at all. No. 9 was equipped with a McDonnell shake and compensator in 1938. The results with the two types of shake were about the same. Both made an improvement in formation, the McDonnell equipment being a little better in this respect if anything. Neither had any conclusive effect on the strength of the sheet, though.

All this is the background of the decision late in 1939 to begin the renewal of the six old paper machines at Millinocket by replacing No. 1 with another two-roll unit. In spite of all the foregoing, and the fact that the writer was there, he is unable to say with certainty why the narrow machine was chosen, but basically, the investment in the Mattaceunk station had to pay off in increased production, and this could be realized quickly only by putting in a narrow machine, which could be obtained quite soon, could be installed with a minimum of lost time, and would immediately produce 25 or 30 tons more paper a day. Installing a wide machine would have meant later delivery, longer installation time, more loss of production, not only because of the longer period required for installation, but because two of the old machines would have to be removed; and there would be little gain in production, since the two old machines that would be shut down were making about 100 tons a day, and one wide machine, at the projected speed, would produce only about 112 tons. In addition, there was just so much money from depreciation, a lot was needed for other things, and the first two-roll machine could be put in for less than half the cost of the first three-roll unit.

Less tangible, William A. Whitcomb was still disposed toward the narrow machines as being subject to better control. He was still not convinced that Great Northern's kind of paper could be made on a wide machine, although the possibility of shaking a wide fourdrinier had been demonstrated and speeds such as were being reached in Canada were not contemplated. It was his decision, and William O. McKay, while not happy about it, did not fight it, as there were the immediate advantages we have pointed out, and the installation of one new small unit did not necessarily foreclose on three large ones in the future, although he was quite sure that William A. Whitcomb would find some way to get around this. He was right.

While No. 1 was being designed and built, William A. Whitcomb had another idea, having to do with the suction press. All this equipment at that time was about the same -- a rubber-covered perforated bottom roll thirty-odd inches in diameter, with a rather narrow internal suction box just behind the nip of a single top pressure roll, the function of the suction box being entirely to remove the water squeezed out of the sheet into the felt at the nip. Most machines had two of these presses in tandem, the paper going into the dryers from the second press being perhaps 32 percent dry. William A. Whitcomb's thought was that in this type of press the sheet really was not subjected to vacuum at all, or at best for but an instant; that this did not give time for removal of the water pressed out, part of it being retained in the felt and going back into the paper, and that felt and sheet should be under vacuum for some meaningful period of time after leaving the nip, to prevent this. The device which he envisioned, the writer

doing the preliminary design, was a very large perforated bottom roll -- 44 inches in diameter, from memory, with an internal suction box some thirty inches wide, and three top rolls, one at the leading edge of this suction box, one at the trailing edge, and the third half-way between, the felt and sheet, following the bottom roll, being subject to constant vacuum the whole width of the suction box. One of these, called at first a "multiple roll press" and later a "Multipress", was built by Rice Barton, and started up on No. 9 machine in January, 1940, this machine being picked because the very long draws in the press part allowed of a trial installation of the Multipress between the existing first and second presses without disturbing anything. After the first week of operation, the regular second press was shut down, and the middle roll of the Multipress was removed, as it was hard to thread, and did not seem to be doing any work anyway. Without going into further detail here, this press was a qualified success, giving a few percentage points more water removal, although it used a lot of power, and had other problems which turned up later. It was patented; some changes were made in the design of the suction box later, but it did not catch on, and was never used to any extent, if at all, except by the Company.

A lot of the preliminary work having been done in advance, the old No. 1 machine was shut down on April 14, 1940, the new machine was installed, starting up on the morning of April 29th, and was making shipping paper by afternoon. We should note that the fourdrinier of this machine was equipped with a McDonnell shake and a compensator, and the Multipress was removed from No. 9 and used in No. 1 as a second press. As a matter of interest, this machine, installed, cost \$461,000.

By the middle of the summer, the time had come to make the next move, and the management found that it had put itself in a bind. No matter how it was sliced, two small machines had to be taken out of production to install the first large one, which was going to cost a whole lot of money with very little increase in production. Moreover, because there could now be only three, any wide machines would have to be run at higher speeds than intended, to get the proposed 150 tons increase, which meant the use of a higher percentage of sulphite. That tore it. Poor Roy Weldon was put to work on another study, and the writer knows that he was told, in effect, that it had better come out in favor of two-roll machines this time. He did a thorough job of reversing himself; no discredit to him; making comparisons of all kinds of combinations of wide and narrow machines, his 22-page report, dated August 24, 1940, concluding that for the same tonnage, in comparison with three wide machines, five additional two-roll units would require the least outlay of cash; would result in less loss of production during installation; would involve the least installation cost per ton; would operate at lower cost because the wide machines would have to be run at higher speed, as noted above, the increased long fibre required offsetting any other savings; would not call for any layoff of labor, and recommended the installation of five two-roll machines "similar to the so-called New No. 1". On September 11th, the Directors appropriated \$1,050,000 for the replacement of Nos. 2 and 3. You could get quick delivery on a paper machine in those days, particularly when all the patterns were available. No. 2 machine was installed in February, 1941, and No. 3 in August. Nos. 4, 5 and 6 were not replaced until after World War II, and were for all practical purposes identical with No. 1. The cost

of installing No. 6, however, was more than twice that of No. 1 -- \$1,114,000. We will tell elsewhere the rather interesting story of how these machines were put in, but the foregoing discussion will explain why for years there has been a row of steel columns in the aisle between Nos. 3 and 4 that should not be there. Although after 1940 it was never possible, for a number of reasons, to run on the 9 percent sulphite on which the final study had been based, 12 to 15 percent becoming normal, no more consideration was given to 3-roll machines.

We have devoted considerable space to this subject, because as we have said, it may have involved one of the Company's more important decisions. Changes in the attitude of the people in financial control in the late 1940's resulted finally in a new type of management, and had it found in the Millinocket mill four big newsprint machines; which by the very nature of things would have been by that time high-speed, high-production units; instead of these pygmies in the industry, the shape of the "new" Great Northern might have been quite different. That of the Millinocket mill surely would have been.

Now let us get back to the whole period under consideration, and start with the statistics, which for convenience, we will put all in one place. Some of the figures do not have the significance of former years, but they are part of the story.

<u>YEAR</u>	<u>PRODUCTION TONS</u>	<u>EARNINGS</u>	<u>EARNINGS PER SHARE</u>	<u>DIVIDEND PER SHARE</u>	<u>NO. SHARES (\$25 PAR)</u>
1939	326,769	\$2,727,442	\$ 2.73	\$ 2.40	998,330
1940	335,074	2,865,667	2.87	2.50	"
1941	341,351	2,432,261	2.44	2.50	"

1942	341,071	1,686,529	1.69	2.00	"
1943	318,196	1,859,896	1.86	1.60	"
1944	297,355	1,666,978	1.67	1.60	"
1945	322,080	902,710	.90	1.60	"
1946	344,138	2,591,366	2.59	1.60	"

Earnings figures are after provision for Federal income taxes, which took, of course, an increasing bite during the war years. A surtax imposed in 1936 had been embodied in the general tax rate in 1938. A "defense" tax, as a percentage of the normal tax was added in 1940, and this was superseded in 1941 by a surtax of 7 percent on all but a small amount of exempt earnings. This surtax was raised to 16 percent in 1942.

PROVISION FOR FEDERAL TAXES

1939	\$ 562,295
1940	911,289
1941	1,382,887
1942	1,121,408
1943	1,237,214
1944	1,107,766
1945	626,694
1946	1,585,027

Newsprint output was affected by wartime conditions and controls. We may not be able to explain this intelligently, but the results were as below:

NEWSPRINT

<u>YEAR</u>	<u>U.S. CONSUMPTION TONS</u>	<u>U.S. PRODUCTION TONS</u>	<u>CANADIAN PRODUCTION TONS</u>	<u>CANADIAN EXPORTS TO U.S. TONS</u>
1939	3,555,900	954,300	3,174,500	2,281,500
1940	3,774,900	1,056,300	3,770,000	2,741,400
1941	3,956,100	1,044,000	3,770,700	2,987,000
1942	3,846,800	967,200	3,454,500	3,007,000
1943	3,413,500	811,300	3,219,000	2,681,000
1944	3,181,000	720,800	3,264,600	2,530,000
1945	3,350,600	725,500	3,591,900	2,666,000
1946	4,236,900	772,800	4,506,100	3,563,000

The war, in one way or another, almost put the United States industry out of business. In 1944, the production of United States mills dropped to the lowest point since 1902, and Great Northern was making 35 percent of it. In 1946, the Company accounted for 40 percent of all domestic production. The Canadian industry, it will be noted, was much less affected, and we will see what we can find to say about this later on.

The price of newsprint during this period looked like this:

NEWSPRINT PRICE PER TON - DELIVERED NEW YORK

<u>YEAR</u>	<u>AVERAGE CONTRACT PRICE FOR YEAR</u>	<u>GREAT NORTHERN</u>		
		<u>WEIGHTED AV'G PRICE</u>	<u>HIGH</u>	<u>LOW</u>
1939	\$ 50.00	\$ 48.00	N.C.	
1940	50.00	49.00	N.C.	
1941	50.00	49.20	\$50.00	\$49.00
1942	50.00	50.00	N.C.	
1943	55.50	55.50	58.00	50.00
1944	58.00	58.00	N.C.	
1945	61.00	60.00	61.00	58.00
1946	72.20	71.50	83.80	67.00

Prices are from a report prepared by the Company for the Celler investigation in 1950. The averages, however, were made by the writer, there being a number of changes in some years. The Company, it will be noted, pretty much continued to keep its price below that of its competition.

Finally, the effect of all this on the market price of Great Northern stock. The figures are as they were quoted at the time on the stock then outstanding:

<u>YEAR</u>	<u>HIGH</u>	<u>LOW</u>
1939	\$ 45	\$ 33
1940	49-3/4	36
1941	42	29-1/2
1942	35-3/4	24-1/2
1943	36	27-1/4
1944	37-1/2	29-1/4
1945	47-1/2	35-1/2
1946	46-1/2	37

In 1940, Canada was at war, and the United States was getting ready for almost inevitable involvement. Everybody seemed to develop a sort of feeling of comradeship which had not been in evidence for a long time. Costs, except transportation, had not risen unduly by the beginning of the year, labor was available for woods operations, and the price of newsprint remained unchanged, except that Great Northern went up from \$48 to \$49 on January 1st, still a dollar under the market, causing no disturbance whatever.

In miscellaneous developments during the year, the salary of the Vice-President and Manager of the Spruce Wood Department

was raised to \$18,000; the 2 percent interest rate on employee stock loans was continued; an additional 15 acres or so of land was sold to the Town of Millinocket for the airport, at \$10 an acre, and the Hathaway Farm on the East Branch -- Lot 5 and parts of Lots 6 and 7 in the Town of Medway, was purchased from Albion Hathaway for \$20,000; the Company's 56 shares of stock in the Moosehead Telephone & Telegraph Co. was sold to New England Tel & Tel. While we did not mention it in connection with the Mattaceunk job, as it was not really part of that project, although made necessary by it, a new 33,000-volt transmission line, on steel towers, 38 in number, was built up the west side of the river from Dolby to Millinocket, some 5-1/4 miles, replacing the old wooden pole line. As on the line from Mattaceunk to Dolby, foundations were put in for a future second set of towers. This job was started in January and was completed in September, along with a new transformer station at Millinocket. Almost all the equipment was ferried across the West Branch at Jerry Brook, gravel for concrete being trucked from Medway, and it was found necessary to drive piling under the foundations of the structures which were located in the big bog west of Dolby Pond. Nelson Felix, who had been Bryan Seelye's assistant since 1919 died suddenly, and his place was taken by Leslie G. Kewer, a young man hired from outside the Company.

In 1940, the Council of National Defense set up the Office of Emergency Management (O.E.M.), the first move toward the later wartime controls on industry. This agency in turn established a National Defense Advisory Commission, and by September, more than a year before Pearl Harbor, this contained a Pulp & Paper

section. However, no controls on pulp and paper were established at this time, and the publishers began to build up substantial inventories in anticipation of later shortages or increased demand. For the year, United States mills in general ran at over 90 percent of capacity; Great Northern ran full. The Canadian industry operated at about 80 percent, and with the better price and the benefit of the exchange rate (Canadian paper was paid for in U.S. funds), it began to look a little better financially.

In miscellaneous developments during the next year, 1941, the interest rate on employee stock loans remained the same. Another sale of about 35 acres of land in Lots 79 and 83 for a further enlargement of the airport was made to the Town at the same price as before. The Directors appropriated \$165,000 for the installation of the fourth unit at Mattaceunk. Woods labor began to be paid by check instead of cash -- at least the first mention of check payment was found in this year -- and an account was opened in the Ashland Trust Company for the purpose. Purchases of New Brunswick wood, which could be shipped C.P.R. - Maine Central to Madison were stepped up. This move ran into the war-time controls already in effect in Canada, and to obtain an export license it was necessary to deposit funds in a Canadian bank from which to pay freight, resulting in the opening of an account in the Royal Bank at Fredericton, "not to exceed \$2,000." Back in 1931, a 65-foot high, 440,000-gallon standpipe had been erected by the Millinocket Water Company near its filter station in the Millinocket mill yard, and in 1941 new pumps and a new intake from the canal were put in, financed by the purchase of another 100 shares of Water Company stock by Great Northern. At just about

this time, the Federal Power Commission, under a U.S. Supreme Court ruling, began to make noise about the use of navigable rivers by private interests -- anything that would float a log was "navigable" -- which was directed primarily toward the power utilities. While it was a little absurd, the question as to whether the Company might be considered a utility because it furnished current to its subsidiary water companies was raised internally, and to be on the safe side, 60 cycle motors were installed on their pumps, so that power from Bangor Hydro could be used. There was, however, no F.P.C. action affecting the Company until much later.

On September 1, 1941, the Company raised its price for newsprint to \$50, bringing it up to the rest of the market for the first time in four years. This was not unexpected, and again caused no excitement, although it did have a tendency to take the brake off the other producers, as we will see later.

This year 1941 saw the real beginning of the wartime controls. In April, the O.E.M. set up the "Supply Priorities and Allocations Board", the operating arm of which was the Office of Production Management (O.P.M.), and established the Office of Price Administration (O.P.A.). The latter, as far as the writer recalls, made no moves, at least none which affected the pulp and paper industry, during 1941. The O.P.M., however, got going immediately, the first action involving the industry being on July 17th, when representatives from mills all over the country were called to Washington to set up an Advisory Committee, and in September came the first restrictive order, the Government taking

over the entire output of dissolving pulp.

By this time, the O.P.M. had already instituted a system of priorities, which, while carefully worked out, had everybody in a state of bewilderment. They had seen nothing yet. The United States was precipitated into the conflict in December, and within a few months the Company, along with everyone else, was confronted by a war-born bureaucratic jungle, creating problems with which very few in the organization had had any experience. It would be futile to attempt a discussion of operation under the controls put into effect by the Government in any great detail, but we will touch on some points. What follows will perhaps explain why it would be impossible to tell any comprehensive story.

A new Office of Price Administration was established under the Price Controls Act of January 30, 1942. The Office of Production Management (O.P.M.) was replaced by the War Production Board (W.P.B.) in that same month. The old National Labor Relations Board was armed with new powers, and in rapid succession, not necessarily in order, but all in 1942, came the National War Labor Board, the War Manpower Commission, the Office of Defense Transportation, the War Shipping Administration, the Office of Civilian Defense, the Office of War Information, the Defense Supplies Corporation, the Solid Fuels Administration, the Petroleum Administration for War and the Office of Economic Stabilization. Early in 1943 came the Office of War Mobilization. In addition the Company found itself dealing with the U.S. Employment Service, the State Department's Division of British Commonwealth Affairs, the U.S. Army, the Navy's Bureau of Ships, the Procurement

Division of the Treasury Department, handling renegotiation of war contracts, and the Wage Stabilization Board, which took over some of the functions of the N.L.R.B. Also, because it was buying wood in New Brunswick, Canada's Wartime Prices and Trade Board and its Department of Munitions and Supply, and because it was employing Canadian labor in the woods, several Canadian Government boards and commissions dealing with labor. These are just the agencies which the writer remembers, or to which he finds reference. There were more which he does not recall, or with which the Company was not involved, and it was necessary, of course, to continue to deal with the more familiar ones like the Interstate Commerce Commission, The Federal Trade Commission, the Internal Revenue Service, the Federal Power Commission, the **Corps of Army Engineers**, the Immigration and Naturalization Service and the Customs Service, all with special wartime functions; the various State agencies, and God knows how many more. The names of most of these organizations were pretty much self-explanatory, although some of their duties did not match their names, but in the case of the War Production Board, the former O.P.M., particularly, the title represented only the tip of the iceberg, because there was a network of divisions for branches of the industry, even for different parts of different branches; regional offices; and special sections and bureaus for special purposes; and we have mentioned only those agencies which we associate with the Great Northern Paper Company's operations. There were dozens of others dealing with other industries and businesses.

These new wartime bureaucracies weresomething else. In the end, their efforts without doubt gave more headaches to the country's

enemies than to its industry, but in the beginning there was king-size confusion. Consider the original order establishing the priority system for repair, maintenance and operating supplies (not raw materials), which was of prime importance to every manufacturer. This was issued as Regulation PD-1 on August 27, 1941; amended as O.P.M. Regulation 3 on September 2d, and amended again as Preference Rating Order P-22 some few days later. It required everyone to state that he had a priority rating of A-10 when placing orders for such supplies, but no one seemed to know how to go about obtaining authority to use this rating, or any other, except by individual application for each order, although it was rumored that there would be a blanket approval forthcoming. Suppliers began to refuse orders that did not bear the rating, because they had to have it to pass along to their suppliers, and there began the mass pilgrimage to Washington to obtain a priority rating to buy some needed article or piece of equipment which was to continue throughout the whole period of controls. On September 20th, Sheldon Wardwell wrote: "I do not believe the Company had better file a special application" (referring to a number of orders in the above category, which had been held up) "until we get Mr. Whitcomb's permission. On some of the mill stuff he is holding back, expecting that there will be a general grant of A-10 shortly." However, ten days later, Creighton Stanwood was on his way to Washington with a handful of purchase orders and special applications. On October 16th came Order P-22, Amended; a mimeographed form. This gave everyone, with the exception of a few enterprises which had special situations, permission to use the A-10 rating, under prescribed conditions, which really meant only that you had a hunting license. You could put A-10 on your

order, and pray. On November 19th, the Bulletin of the National Association of Purchasing Agents published a list of interpretations of this regulation, with the comment: "This issue certainly pours official, unofficial and expert interpretations of P-22 at you. That is done with malicious intent, for apparently 99 percent missed the boat or didn't even read the order. That can't continue, and regulations on the use of material will become more intricate. They can't be ignored or disregarded, and we have passed the time when they could be carelessly observed."

By this time, a host of orders had been issued. This one bulletin mentioned twelve others from O.P.M. alone, some of them even then in their fourth revision; and incidentally, the issuance of these orders was simply announced, and you had to obtain copies from Washington, or from a regional office, if there was one and if it had them; but getting back to P-22, Amended, people had just begun to understand this when on December 18th it was revoked and replaced by a new one, P-100, which made some changes in the conditions, and everyone had to switch signals.

So it went at the beginning. Of necessity hastily formulated, some functions of the new agencies overlapped, often obscurely, and they were staffed by a horde of people, eventually 60,000, according to the Wall Street Journal of Dec. 17, 1971, most of whom had not clue one as to the problems of the operations they were supposed to control. For instance, on October 24, 1941, at a meeting of the "Industrial Contact and Education Unit" of the O.P.M., one of the submerged parts of the iceberg, held to explain the workings of the priority system as it applied to the pulp and paper

industry, the fact was brought out that if followed strictly, the limitations on the use of copper and copper-bearing materials would positively guarantee a 30 percent curtailment in all paper production, upon which the expert on copper admitted that he had no idea that bronze fourdrinier and cylinder wires were so essential to paper making!

For the most part, the new agencies were headed by capable men, but even they could not possibly deal fairly with the dis-parate needs of hundreds of industries. Functions were changed from one agency to another; paper work was generated by the ton, and the process of clearing what might seem to be the most reasonable request was sometimes a frustrating and even humiliating experience. An application early in 1942 to be allowed to buy some new medium trucks for use in woods operations went from the Office of Defense Transportation to the Interstate Commerce Commission to the War Production Board and back to the Office of Defense Transportation, and from Bangor to Portland to Washington to Boston to Bangor, involving Maine's Senator Owen Brewster on the way, before being approved, partly, and this particular application was handled quite expeditiously!

However, agency personnel came and went; those who remained acquired expertise; industry advisory boards became more effective in both directions; relationships were developed with those who knew what it was all about; the people in industry who had to deal with the various regulations gained understanding; some procedures became practically routine, and while as the war went on nearly all material and equipment got scarcer and scarcer, and regulations

correspondingly stiffer, ways and means were gradually found to cope. Still, life with Great Northern in wartime was rough all over, and the effort was not to make paper "better and cheaper", but just to make it, period.

It is of interest to note that in December, 1971, thirty years later, industry and commerce were floundering in the uncertainties of the early stages of the so-called Phase 2 of the anti-inflation program which followed President Richard M. Nixon's ninety-day price and wage freeze of August 15th, and which involved a Price Commission and a Pay Board. Quoting the Wall Street Journal of December 7, 1971: "The reporting form issued to larger manufacturers by the Price Commission contains six sections of questions which include such toughies as... 'describe method used to translate cost increase to requested or reported price increase'... then a few days ago the Commission issued 'clarifying instructions'. These are nearly as long as the original forms.... Pay Board forms aren't generating confusion because they're not out yet. They were to have been distributed, but were so 'hopelessly confusing', says one source, that they are being redone." Very familiar. Plus ca change, plus c'est la meme chose!

While it was necessary for the Company to deal with all the agencies we have mentioned, in one way or another, we cannot possibly do so, and will confine ourselves to situations and developments which seem the most important, the most interesting, or perhaps the easiest to explain. This discussion will be generalization at best, not only because official Company records of the time have mostly been destroyed, and were probably too complicated to

use anyway, but for the reason, which we keep repeating, that there was constant revision in the multitude of regulations, and in the system which produced them, brought on by various pressures, including those created by the regulations themselves, so that the whole thing was a sort of merry-go-round, on which the calliope played the same tune all the time, while the horses changed color, so that you had to watch carefully to see which one your little boy was riding, and jump on occasionally to save him from falling off. It will also be necessary to depend to a considerable extent in many areas upon a faulty memory and bits of information which may get out of context.

To begin with, let us say that early in the game, newsprint had been declared an "essential commodity", which did not mean much except that it could be manufactured. Most other papers were "essential" too, but newsprint was in a classification by itself. As long as it could be made, then, it was subject to the regulation of the War Production Board, which went into high gear early in 1942, after having started out as the Office of Production Management the year before, and we will discuss some of the effects which this fact had upon mill operations.

The W.P.B.'s instrument for control of production throughout the war period was three-pronged -- allocation and permission to use materials (M-orders); the priority system for obtaining materials (P- orders) and limitation on the production and/or use of any material or commodity (L-orders). Perhaps as good an example as any of how these worked can be found in their application to the Company's operations at the mills. No official limitation (L-order)

was placed on newsprint until 1943, and we will take this up later. The use of wood pulp, however, was controlled, even that produced by an integrated mill for its own operations being allocated under General Preference Order M-93, first issued in March, 1942 and amended several times. This required the Company to file each month certain forms, with supporting information, requesting permission to use some amounts of the various kinds of pulp, based on estimated requirements for the following month, after reserving a percentage of productive capacity, which varied from time to time, to be allocated by the W.P.B.'s Director of Industry operations, either to the Company itself or to some other company which in his opinion had more legitimate need for it. The Company was not supposed to purchase pulp, use what it made, or even take from inventory, until the request had been processed and an allocation made, and was required to make another report on the fibre, including waste paper, actually used against the allocation, which might, and sometimes did affect the amount allowed to be used in the succeeding month. Priority ratings did not enter into the Company's wood pulp picture, except as they were granted to others who were permitted to purchase pulp from Great Northern. The production of paper and paperboard, with the exception of newsprint and a few other grades like blueprint and cigarette paper, which had special consideration, was limited by an M-order which allowed only machines which had been operated during some base period to be run, and the end use of most paper, including newsprint after January 1, 1943, was covered by L-orders. There were methods of appeal on allocations or priorities, but results of appeals were spotty, depending upon the situation at the time, appeals on allocations often being successful, appeals on priority very seldom being productive.

Just from memory, the order under which the Company had its own pulp allocated to it was M-241, effective November 1st, which had the effect of cutting news production by about 5 percent. This was mostly made up, however, by the allocation of some of its pulp production to other mills. This was done by allowing them to order "pulping stock", a mixture of groundwood and sulphite in some proportion, run on the paper machines and made into rolls, the ends of which were mutilated with an axe, so that the product could not be used as paper, but had to be re-pulped. This method had to be used because the Company had no other way of preparing pulp for shipment except on wet machines, which would have made freight cost prohibitive on account of the high moisture content. A small amount of sulphite wrapping paper, named "Twin Lakes Fibre" and a substantial amount of creped newsprint, used in some textile process, were also made on No. 4 machine at Millinocket, whether by W.P.B. priority order or of necessity we know not. These grades, which accounted for a total of nearly 50,000 tons -- some 2,000 tons in 1942, about 14,000 tons in each of the years 1943, 1944 and 1945, and 5,000 tons in 1946, are included in the total production figure in the tables. As the writer recalls, there was a small amount of Government-ordered newsprint made at the Penobscot mills, calling Walsh-Healey Act provisions into effect for the first time, as far as we know, this presenting no problem. A number of Government orders for groundwood papers, not large amounts, were made at the Madison mill.

We have already covered the procedure on repair, maintenance and operating supplies. Shortages of these caused a lot of headaches, but perhaps the greatest difficulty in this area was with fourdrinier and cylinder wires. Normal inventories could of course

not be maintained, and it was kind of nerve-wracking to be running a machine not knowing where its next wire was coming from, or with it in an untraceable car of way-freight somewhere between Wisconsin and Maine. Fuel, and chemicals like sulphur, which required special applications and allocations, were a constant worry. It became necessary to ship coal all-rail by War Transportation Board order, the Government subsidizing at least part of the extra cost over water shipment through a complicated reporting procedure. Such fuel and sulphur as it was possible to ship by water was subject to war risk insurance at very high rates, and this extra cost was also subsidized. Permission to purchase, and application for a priority, which if granted at all was usually pretty low, had to be obtained for any new piece of machinery, with the result that very little equipment not absolutely necessary was installed after 1941 and before 1946.

This, in a very general way, outlines the application of W.P.B. controls to industry not directly connected with the production of war materials, and we have, we are sure, given the impression that they were repressive. To a degree, they were; and we should say that the burden of coping with them, as they applied directly to mill operation, fell heavily on Creighton Stanwood; but this agency, particularly as understanding of the problems developed, did its best to keep the essential civilian industries going when they had real trouble. The Company received consideration in many instances, usually after fighting its way through the screening mechanism to the head man. In the field of direct production for military uses, the functions of the W.P.B. were much more on the positive side. The Company had some experience in this area too, which we

will describe a little later.

We might speak briefly and at random, but a bit more specifically, about a few of the conditions and happenings of the war years at the mills. There was a great deal of make-do. Wood was used instead of steel; steel instead of non-ferrous metal, whenever possible. Machinery was patched up when it should have been replaced. Drives, where changes had to be made, were concocted out of home-made pulleys, belting and old motors, a la 1900. Wires were run patch on patch. Charlie Burr, the Superintendent at East Millinocket, trucked the ancient sawdust pile above Gilbert's Crossing down to the mill and mixed it with coal for fuel. Dri-ki from Ferguson Pond was hauled and burned in the shavings burners at the Millinocket mill to make steam. Rail cars for paper and pulpwood were almost always in short supply and poor condition. Hemlock, of which there was a large supply on the Indian Towns and within 20 or 30 miles of Millinocket, was used in greater quantity. Labor became scarce and instantly older, but men worked hard and willingly, and with some overtime, the mills were able to get by, even at such times as they were able to run full. A few women were employed, some, we recall, running three little winders in the East Millinocket finishing room on blasting rolls from side-run. Wages rose steadily, the base rate in Great Northern mills going from 56 cents an hour in 1941 to 70 cents in 1945.

To make things more interesting, 1941 and 1942 were very bad water years, the Penobscot mills being entirely out of storage for thirty days or so in the spring of 1942. This had been quite easily foreseen from the miserable conditions of the year before, and as the Millinocket boiler plant could still squeeze out a little more

steam, a search through General Electric turned up a 200# turbine, with a 2500 K.W., 40 cycle, 600-volt generator for sale at the Hudson Falls, N.Y. plant of the Union Bag Company. This was pure good fortune. The unit, being second-hand, could be purchased without priority, and after inspection by Arthur Winslow, was bought and installed in the old steam plant. It was old but serviceable; very large for its capacity, with more cast iron in it than the Brooklyn Bridge, and was promptly nick-named the "Graf Spee", for the German pocket battleship scuttled by its commander off Montevideo just about the time this unit arrived at the mill.

In the woods, labor shortage was really serious. Woodsmen were not exempt from the draft, and thousands of people left the northern part of the State for the war plants and shipyards to the south. Production declined, inventories became dangerously low, and more reliance had to be placed on rail and truck deliveries, with all transportation scarce. This presented the mills with a touch-and-go situation on pulpwood. During much of 1944 and 1945 the supply was practically on a hand-to-mouth basis, even with machines slowed down and running a short week. Although to the best of our recollection they never ran out of wood completely, it was necessary much of the time to practically ride every car from shipping point to destination, and to blow ice in the spring to get at wood in the water long before it would normally have been necessary to use river wood. Rough wood was put into the piles for the first time, just to get it where it could be reached. Almost all the wood received was green, rough, and during the winter months, frozen. The existing barking equipment was not adequate to clean it properly, being intended for wood held in the water over winter,

or at least until well into the summer months. Dirt from poorly barked wood; slivers and pitch from green wood, made difficulties. Of late years, most mills have gone to day-to-day delivery of wood, fresh from the stump, as a matter of policy, but at that time mill operation was geared to the barking and piling out of the bulk of the winter's supply during the summer, rail and truck deliveries being supplementary, largely in peeled state, and the pulping processes were based upon the use of seasoned wood. Late in the game, some help came from the War Production Board's Pulpwood Procurement Division, in the form of permission and a priority to purchase three new Allis-Chalmers hydraulic streambarkers. Those were ordered in the second quarter of 1944 -- two for Millinocket and one for Madison -- but it was not possible to get them installed until well into the following year, and they were of considerable assistance until wood supply got back to a more normal basis.

Small amounts of poplar and pine were used, just because they could be cut easily by small operators along with spruce and fir. A more important source of additional fibre, however, was waste paper -- old newspapers as far as possible -- received in car-load lots from the collections set up in the city areas. As much as 4 percent of the furnish during 1943, 1944 and 1945 was old newspapers, ink and all, dumped into the broke beaters. It presented certain problems. It had to be inspected for foreign material -- pieces of wire, bits of rope and string, bundles of garbage, and other such goodies, along with things like old radios and tramp metal that would add weight to a bundle of paper. In spite of all precautions, and magnets introduced here and there in the stock system, it was hard to keep some of this stuff out. Fibres

from rope could ruin the production of several machines for hours. Most troublesome, though, were the wire staples from comic books, which plugged the screen plates, stuck in the wires like porcupine quills, and made neat little cuts in the sheet at the stack. But it helped to make paper, its pale gray making a nice background for specks of colored ink from the comic sections, but paper.

All this is just a sort of sampling of the difficulties of mill operation in wartime. Everything we have told of did not happen at once, but most of it was pretty much a part of life with Great Northern between 1942 and 1946. We will perhaps have more on the subject in other places, but for now this is enough for anyone with imagination. As the record shows, the Company did not make much money during this period. Production was hurt badly, and it could not capitalize on the additional capacity of the recently installed new machines, with costs, notably the cost of pulpwood, which doubled between 1941 and 1945, rising steadily.

Operation in wartime required of the work force a lot of ingenuity and a lot of good old hard work. There were no controls on these, and there was no lack of either. There were hundreds of instances of performance under difficulty and beyond the call of duty, lost now in time, and we will give only one example which will illustrate the spirit of the people. That was the action of men from the East Millinocket mill, who went out after their regular work hours to a lot along the highway just west of town and cut maybe 1,500 cords of pulpwood, the Company furnishing a horse to yard the logs, and one of the big old two-man chain saws, which some genius hung up on a counter-weighted traveler running on a

wire cable strung over a set of skids, making a sort of slasher, to cut them up. This was an entirely voluntary project, organized by the men themselves. We do not remember how the wood was paid for; probably on a contract basis.

We said that the Company was directly involved in defense production. This interesting development came about through one of the first acts of the W.P.B., which was to make a survey of all the machine tools in the country, including those in mill and factory repair shops. This survey showed that the Company had a number of engine lathes capable of handling pieces more than twenty feet long. These of course were common in paper mills, but in few other places except large commercial machine shops. Some time in the spring of 1942, a very gung-ho representative of this organization appeared in the Boston office, was referred to the writer, and said, in just about these words, that lathes like these were scarce, were badly needed in the war effort, and that the Company had damn well better get busy and put them on defense work or they would be requisitioned, snatched the hell out of there, and given to somebody who would. The W.P.B. was pretty hard-nosed in those early days. This was not an idle threat, and could not be ignored, because the mills could not operate without these tools. There were some who said that it would not be possible for the shops to take on any outside work, and that "they can't do that to us", but William O. McKay did not feel that way, and the writer was told off to see what could be done.

Inquiry of our aggressive W.P.B. friend led to a marine architect in Boston, and it was discovered that what had him so

uptight was that the Navy needed propeller shafting right now for six ATR's -- ocean-going rescue tugs -- already being built in New England shipyards. It was also discovered that he did not know much about machine work, but that is neither here nor there. This was no matter of a simple lathe job, but the whole schmeer. The shaft, as the writer recalls, was about 10 inches diameter and some 36 feet long, in two sections, the intermediate and the tailshaft, the assembly consisting of these two pieces, connected by a flanged coupling; a half-coupling at the engine end; a propeller-fit taper with a threaded end, a big bronze hex nut for this, and a bronze sleeve for the stuffing box on the tailshaft. The material was all ready, in the form of rough-turned forgings and castings, which all had to be finished, the taper and thread cut, the nut made, the coupling halves bored, the flanges faced off, drilled for bolts and pressed on, and the bronze sleeve shrunk on, all to Navy specifications and tolerances. The coupling bolts were the only thing in finished state.

This was something different from making grinder shafts or pressing new heads into felt rolls, but the people in the Millinocket shop, which had the best tools in general, allowed, after looking at the drawings, that there was nothing they could not find a way to do; the writer took the order, the material was received promptly and work was started at once. The first shaft, when completed and shipped, passed inspection without reservation. Work on the other five proceeded apace, the different tool operations being fitted into the shop schedule, and all were declared to represent high-grade workmanship. Meantime, the writer had been saying out loud that having got its feet wet, the Company should not wait to

be driven into it, but should make an active effort to get more such jobs. This idea was not greeted with any wild enthusiasm. However, he had been trying to get into the Navy, through the Officer Procurement program; had just been turned down because of earlier medical history, although he had passed the physical, and was making motions at the Army, which was not quite so fussy. William O. McKay knew about this, and said that if he would lay off trying to get into the service, he could have a free hand to fill the shops with all the work they could handle, so, as the Army did not seem to be interested anyway, and after consultation with the mill superintendents and the shop people, he went out after business. This was no big deal. All that was necessary was to tell the W.P.B. that machine tool time was available, and they passed the word to prime contractors.

Though the shop equipment had limitations, much of it being worn, and it was necessary to be selective, it was no trouble to get work. During the next three years, great numbers of tie rods (strain rods) for forging presses and powder presses -- long shafts anywhere from 3 inches to 6 inches diameter, in matched sets of four, threaded at each end, with steel hex nuts for them, were made in all three shops. Dozens of sets of propeller shafting for LSM landing craft -- three pieces, with keyed flange couplings, propeller fit taper and nut, and a number of sets of larger shafts for twin-screw ice breakers, were made at Millinocket, along with some fussy tapered spindles for some sort of centrifugal, and track rings for machine gun mounts. East Millinocket turned out uncounted numbers of frames, oil pans and other parts for 50-calibre cartridge loading machines, and some classified sonar

parts -- nobody knew just what they were. Numberless valve bodies, the demand for which seemed to be almost endless, were faced and drilled at Madison, the overflow, when they could not handle the orders received, going to East Millinocket. A very large number of turning-gear cases -- the housings for a gear unit mounted on the main drive turbines used in cruisers, so that they could be turned over by a motor -- were machined at Millinocket. These were weldments, and one part of the job was the removal of copious amounts of weld spatter from the inside of the piece. The normal method was to chip this out by hand, or with a small air chisel, but the men in the Millinocket shop, who could not afford this waste of time, chucked a short piece of wire conveyor cable in an air drill, and took this stuff out so fast and so cleanly as to draw the compliment from the prime contractor that this was the best job anyone was doing for them.

There were other interesting developments. One job at Millinocket was the machining of what the men called "watch cases" -- the housing for that part of sonar equipment outside the hull of the ship -- which when finished resembled nothing so much as the case of a pocket watch with face and back removed, some two feet in diameter and about seven inches thick, a short, flanged neck, by which it was attached to the sweep mechanism, representing the stem. These were received completely rough, and represented a lot of work, the neck and flange having to be rough turned and bored, and the latter faced and drilled for bolts; the front and back faced off; the body shaped to a true radius; the inside finish bored on the same center, and the outside finish rounded in an arc.

The first few lots of these were received as forgings, a very expensive piece of metal, with slow delivery. We do not know to whom to give credit, but the suggestion was made to the writer by Bob Hume that as the flange was a little less in diameter than the thickness of the body, the blank might be flame cut from steel plate. The writer took this up with the Navy people, who said it was worth a try, and made arrangements with a shop in Cambridge. A template was made at Millinocket, and the writer, with a Navy officer, watched the first blank cut from 8-inch armor plate. When machined, this was found to be entirely satisfactory, and all future pieces made at Millinocket were cut in this manner. We do not doubt that this method was translated to other suppliers, as it was so much faster and less costly.

It will be noted that most of this work was for the Navy, which could be awesomely efficient. Some time in 1943, an order and material for six more shafts for ATR tugs was received. The writer had to call the local W.P.B. office and tell them that the Company could not handle it, because the drilling of the flanges was a heavy job, and by this time the old radial at Millinocket was so worn that the drill could not be prevented from running off, no matter how careful the operator might be. The next day he had a call from a WAVE lieutenant of the Navy's Bureau of Ships, who said that they had to have those shafts, and what did he have to have to make them? The writer explained. She asked if the Company would buy such a drill if one were available; answer affirmative. The following day, she called again, crisply reeled off a specification, which described just what was needed; named a price, which was reasonable, and said: "Send an order, with

a certified check, to the River Rouge plant of the Ford Motor Company, and leave the rest to us." This was done the same day, and in less than a week there arrived at Millinocket a Fosdick hydraulic five-foot radial drill, barely used, which was moved into the shop, had 40-cycle motor equipment robbed from some other part of the plant slapped on it, and was levelled up and put to work without even being taken off the wooden skids on which it had been mounted for shipment.

All this work, and there is probably some we have forgotten, was sub-contracted, all material being furnished, with the prime contractor's priority providing for the replacement of tool bits, drills and the like. Sub-contracting of this kind gradually petered out as commercial machine shops got geared up, along with somewhat less urgency, and by VE day was practically at an end as far as the Company was concerned. It was done by the regular shop crew, augmented by a little additional local help, with some men voluntarily working a night shift on some jobs, and as the writer remembers, some overtime. This on top of an unusually heavy schedule of regular repair work due to the difficulty of obtaining parts. The writer has had many occasions to be proud of the accomplishments of Great Northern employees, but never more than of this crew and its uncomplaining cooperation.

Prices were negotiated on the basis of time per piece, at a flat rate of \$3.00 an hour. By later accounting standards, the Company was probably losing its shirt, but by that of the period it showed a reasonable gain. Indeed, as the shops became more familiar with the work, rebates were made on some jobs be-

cause the profit margin looked excessive. Some of the work was subject to later re-negotiation with the Procurement Division of the Treasury Department, but this amounted to no more than an explanation of the pricing procedure, which drew no complaint.

One of the satisfying aspects of this work was that it was so well performed. Every prime contractor was complimentary. There was almost no spoilage -- a few pieces only, none major, as far as we can recall. There was only one failure -- a trial effort to bore 37 mm. gun barrels. No way. This operation required special equipment, which just could not be improvised. There were almost no complaints; with one exception a few loose fits on tie rod nuts are all we can remember, and the exception was so ludicrous that it is worth taking space to tell about.

One of the late shafts of the second ATR series was shipped to a yard in Boothbay Harbor, Maine. It was a little behind schedule, and the ship was waiting for it, so immediately upon its arrival, the yard began to remove the dryer canvas protection from the tailshaft. Instant panic. The bronze bushing, according to a frantic telephone call to the mill, was badly damaged, the symptoms described as dark discoloration and roughness, probably corrosion, but nobody at the yard would touch it to find out, for fear that he might be blamed for whatever was wrong with it, until a representative of the manufacturer was present. The cover was thrown back over it, and it was left lying just where it was. Jack Fahey, who was in charge of the work at Millinocket, was dispatched by the evening train, connected up the next morning at Bath with a Navy inspector from Boston, and the two hied themselves to

the shipyard by the dawn's early light. The crew gathered around; the canvas was turned back to expose the terrible damage, and the imperturbable Mr. Fahey, after looking at it for a moment, took out his handkerchief and calmly removed the hardened remains of a large and well-masticated cud of Black B.L. and the juice thereof, with which some tobacco-chewing marksman had made a bullseye!

One interesting attempt was made at direct production of a defense item. This was the result of an appeal by the W.P.B. to the paper industry at large to try to develop a container, for use in the Pacific theatre, to hold three 3-inch (75mm) shells. The specifications were that it had to be made without metal, or with a minimum of metal, and without the use of phenolic or other resins; withstand submersion in water for 24 hours after having been dropped on a hard surface, loaded, from a height of 12 feet; and be easily opened without tools.

The writer and Roy Weldon, head of the Bureau at that time, were in charge of this project, approaching it on the principle of laminating paper on a triangular mandrel with an adhesive. Various papers, with silicate, wax, waterproof glues, spent sulphite liquor, asphalt, oils and combinations thereof were tried, and after several months a container made with Madison paper, having asphalted wooden heads, set in caulking compound and held in place by a metal through rod with wing nuts, which met the requirements, was developed. One was sent to the writer in Boston, and the W.P.B. man, almost beside himself with excitement, because nobody in his bailwick had come up with anything else, dashed off with it to Washington, from which place he returned a few days

later, crestfallen, with the news that while the Great Northern container had passed the tests and was declared usable, the metals situation had eased in the meantime to the point where these things could be made of light-gauge steel, which of course was more practical, and so ended that effort.

The Office of Civilian Defense was active very early in 1942. The first Job Records issued in that year were for a black-out of the mills and power stations, plywood sheets being put up over all the windows, and outside lighting discontinued. This blackout, we believe, remained in effect until into 1945. Ventilating conditions in the mills under these conditions were sufficiently bad, but the power houses, which had no forced ventilation, were real sweat-boxes in warm weather, in spite of light-trap type window protection, with overlapping plywood sheets a few inches apart. In 1940, the Civil Aeronautics Board had ordered the brick stacks of the Millinocket mill -- there were two at that time -- which were in line with the east-west runway of the airport, lighted or floodlighted, the Company choosing the latter to avoid having to maintain wiring and fixtures up the stacks. This lighting had to be shut off, and as the field became used more and more by military aircraft, particularly Canadian ships, for one reason and another, there was constant concern that an Anson or a Lancaster would tangle with them, but it never happened.

In the early days of the war, there was real fear of sabotage, in view of the experience in Norway and other parts of Europe. For the first time, as far as the writer knows, employees were issued numbered identification buttons. Day watchmen were

put on, and a uniformed security guard armed with rifles; a total of some thirty men between the Millinocket and East Millinocket mills, as we recall, patrolled the mill yard perimeter on the night shifts. The Army had a hand in this, sending an officer to Millinocket to give instruction in guard duty. There were stepped-up fire and rescue drills and first aid instruction, and evacuation procedures were set up. The excitement surrounding these of course subsided as time passed and nothing happened, but they continued to be kept in effect at least until into 1945. There was too much at stake to take chances, even at long odds, but there was of course no incident.

These are the largely undocumented things, some important, some merely of interest, that the writer himself remembers in connection with mill operation under World War II conditions. Others, more conversant with certain aspects, would perhaps remember them differently, or would remember other events, but we do not believe that further reminiscing would add greatly to this part of our story.

The next item in the writer's file is a copy of a letter from Sheldon Wardwell to Senator Henry Cabot Lodge of Massachusetts, dated January 31, 1942, which begins:

"My dear Senator Lodge:

I would very much appreciate it if you would send me a copy of the new Price Control bill. I hate to bother you, but unfortunately the congressman from my district is a Democrat and a New Dealer."

He was not usually so direct, but like his father, he was a political animal, and this sometimes got the better of him. Anyway, this leads us to consideration of the complicated matter of price controls, which affected the figures in the foregoing tables.

As we have noted, the year 1942 started out with everyone on the same price basis; \$50.00 a ton, New York, but a number of the Canadian mills, when Great Northern came up to the market, had announced that their figure for 1942 would be \$53.00, starting April 1st. After some preliminary investigation by the O.P.A., which did not make the mistake this time of thinking that it could exercise any control of newsprint price without Canadian cooperation, this announcement led to a meeting in New York on January 29th between its representatives and representatives of Canada's Wartime Prices and Trade Board to consider the situation. In the meantime, R.M. Macy, an ex-textile-industry man, the Administrator of the Paper Section of O.P.A., had turned up unexpectedly at the Annual Meeting of the Association of Newsprint Manufacturers of the United States, held in New York, at which the Company was of course not represented. Here he conferred with a number of U.S. producers, expressing himself as being very pleased with their attitude toward price control, and allowing that he was in favor of trying to handle pricing under a voluntary agreement, an option provided for in the Price Control law, rather than by Government imposition, and that any price set should allow marginal mills to operate. On February 20th, Leon Henderson, Administrator of the Office of Price Administration, in a letter to U.S. newsprint manufacturers, announced that the United States and Cana-

dian control agencies were cooperating on the problem of price stabilization; stated that a questionnaire on cost increases was being sent to manufacturers in both countries; requested that U.S. mills announce no new prices until some guidelines had been reached; complimented the industry on its cooperative posture, and said that the O.P.A. was in process of selecting an Advisory Committee for newsprint. Beautiful. However, this harmony did not last long.

In spite of the soothing tone of this letter, there was immediate suspicion of what lay behind it. Good authority had it that the questionnaire had been in the works even before the Price Control law was passed; that the industry had been promised a hand in its formulation but had not been consulted, and that it purposely had been made so complicated that it would automatically head off any action during the first six months of the year. Nevertheless, on February 27th the Company notified its customers that it was complying with the request, with the hedge that any change announced later would be retroactive to April 1st. Meanwhile "due to a mixup in the O.P.A. office in Washington", as it was explained, the letters appointing the members of the Advisory Committee, of whom William A. Whitcomb was one, and calling a meeting in Washington for March 16th, was not mailed until about March 5th, leaving nobody much time to prepare.

Sheldon Wardwell made notes on this meeting. Its purpose was to make, or make a start, on a price regulation procedure, under one of the provisions of the law, but it did not get far. The O.P.A. people admitted that they had not studied the questionnaires, and indicated that they might issue another. There was a general run-through of the situation in wood, fuel and labor

supply, and of the increased costs in these areas and in freight, which last introduced the O.P.A. to the zone price system, about which it expressed doubt. The O.P.A. attorney went into an explanation of how the War Production Board in effect subsidized marginal plants doing "war work", which had nothing to do with the case. The alternative methods of price-fixing under the law were explained, and it was indicated that the O.P.A. would cooperate with its counterpart in Canada, but when the meeting got down to brass tacks, it just naturally came apart, and closed with the understanding that the Committee would be called together again later.

This first meeting could hardly have been expected to produce an answer to so complicated a problem, but it might have done better had it not been for the obstreperous William Arthur Whitcomb, who had come with a chip on his shoulder. Before R.M. Macy could even open the meeting, he had demanded to know why they were there at all, and insisted upon a grant of immunity from the Sherman anti-trust law in writing. During the discussion, he took exception to the implied subsidization of marginal mills with tax-payers' money; wanted to know why the Government did not provide the "militia", as Sheldon Wardwell called it -- probably the Company's guard force -- with arms and uniforms; requested a statement as to who was using the zone price system; and upon receiving no satisfactory answers stomped out of the meeting before it ever got around to talking about price control at all.

Whether or not William A. Whitcomb's cavalier treatment of the O.P.A. had anything to do with it, the Advisory Committee was not consulted again about a voluntary agreement. Instead,

after a meeting with Canadian officials, a temporary 60-day freeze, setting the price at \$50.00 "Port" (New York City was a "port"), with the usual zone differentials, was ordered on March 26th, forestalling the projected \$3.00 Canadian increase. This was followed on April 29th by a permanent order holding the price basis to \$51.00 Zone 4, with the usual differentials, which was the same as \$50.00 New York, for an indefinite period. This of course stirred up a hornet's nest, the manufacturers feeling that no consideration had been given to the substantial cost increases which had already occurred, and which had been reported in the first questionnaire. Provision for protest by individuals or groups was contained in the law. William A. Whitcomb did not feel that the Company should lead, as it had not announced any increase. He agreed that the Company could join with others, but as the basis for protest was of course for increases in cost, nobody wanted to expose his figures to the others. This was resolved by an agreement among at least some of the United States companies to have Price Waterhouse & Co. act as coordinator and prepare consolidated figures, based on their own questionnaire. The second O.P.A. questionnaire had not been issued as of April 22d, leading Sheldon Wardwell to point out that the Advisory Committee by law had the right to make recommendations to the Administrator, and to ask: "Is it not possible that the O.P.A. may be contented to leave matters as they are instead of seeking further information? If the industry does not choose to make the move, it is its own fault." At this point, there is considerable confusion. Price Waterhouse obtained information from nine companies, but all of these did not make only newsprint, and while they continued to collect it, it could be used only as back-up for individual

filings. A joint New England protest by Great Northern, St. Croix and Maine Seaboard was prepared, but not filed. In the end, Great Northern entered its own protest, against Temporary Price Regulation No. 16, on May 23d., on which date Edwin deT. Bechtel, who had become No. 1 legal advisor, wrote: "I did not ask that the protest be kept confidential, for my experience has always been that if such a request is made of a government department, the government officials seem bound to disregard it." adding that as it was only a formality, perhaps it would pass unnoticed (by the press). At this same time, both St. Croix and Maine Seaboard separately protested both the temporary order and the permanent order, Maximum Price Regulation No. 130, and the writer believes that some other U.S. companies, notably Finch Pruyn and Crown Zellerbach also filed.

The protests submitted by the other mills against M.P.R. 130 apparently asked for elimination of the "port" differential of minus \$1.00, on the ground that there were no longer any "ports" for newsprint, as there was no water shipment. Following the filing of the first protest, the Company had asked several times for a conference with O.P.A. officials, feeling, with some reason, that before there was any further action more explanation of the situation was required than could be put into a formal protest. The O.P.A. agreed that there should be such a meeting, but stalled it off, although Sheldon Wardwell did get to talk with J.R. Atwater, head of the Printing Paper Division, on June 3d, as a result of which conversation it was decided that to protect itself the Company should also file against M.P.R. 130.

On June 10th, the O.P.A. held a meeting with a publisher group, which, as reported by the New York Times, of course objected to the elimination of the port differential, and indicated also opposition to the substitution of a straight f.o.b. mill price basis for the zone system, which the O.P.A. seemed to be doubtful about. Argument about the content of the Company's second protest was bucked up to William A. Whitcomb, who on June 15th wrote to Edwin Bechtel:

"It seems to us here that to freeze the price of newsprint without regard to the increases in cost, and based on a period during which the costs have very radically advanced, is not fair. This freezing of the price is a function of this Price Administration, and as such is disastrous to the manufacturers of newsprint in the United States.

That is as far as we have gone. It does not seem wise to us to mix into that general fundamental proposition the question of port differential.

The writer prefers sticking to the main issue."

Action was hastened by a notice from the O.P.A. on June 17th that a hearing would be granted on June 25th to those who had protested M.P.R. 130, and the Company's submission, hastily prepared, saying nothing about port differential but requesting that the price be raised to \$54.00, Zone 4, was mailed about June 20th, allowing Great Northern to be effectively represented at this hearing. An amendment, containing additional information on cost increases, was submitted early in July, with the permission of O.P.A.

Newsprint consumption was dropping a little in 1942, due to the publishers' voluntary efforts to conserve paper, and although the Canadian mills actually increased their exports to the United States slightly, they anticipated a further drop in 1943. They also were confronted with problems of wood and labor supply, and with the further complication of heavy demands for power by that country's burgeoning production of war materials. This resulted in a revision of their pooling system, the closing of a number of mills, and curtailment of production in some others, under a new subsidy program.

It was now October, 1942, near the time when customers should be advised of the next year's price, and there had been no action on the various protests. Rumors began to fly that the War Production Board, having consulted with the Canadian authorities, was about to order a curtailment of newsprint production in the United States. On October 22d, the O.P.A. issued an un-numbered order incorporating additional "economic data" to support its original price ruling, stating that any rebuttal must be submitted within ten days. A request by the Company, Maine Seaboard and St. Croix for an extension of time was denied, so one representative from each of these companies, plus Finch Pruyn and Crown Zellerbach, hied themselves to Washington on October 28th. Tom Allen, Sheldon Wardwell's partner, represented Great Northern, and Royal S. Kellogg, as secretary of the Association of Newsprint Manufacturers, two or three others. After listening to introductory presentations by John Hobson of St. Croix, President of the Association, and Roy Kellogg, James D. Perkins, Price Administrator for the Paper Section of O.P.A. made a pronouncement which must have been hard

for his audience to take. Boiled down, this was to the effect that no ceiling price would be set which would allow the industry better profits than in the period 1936 to 1939; that while it was recognized that there had been cost increases before the freeze, an effort would have to be made to offset these by economies; that it was known that the price of pulpwood had gone up, but that the O.P.A. understood that the consumers did not want a ceiling on it, as that would tend to reduce the supply, and that anyway they were using increased wood cost as a reason for demanding higher paper price; that there probably would be an ordered curtailment of production, but that no price increase would be considered on that account until unprofitable operations had been shut down, and then only if those that were left were unable to equal 1936-1939 profit; and that the O.P.A. was frankly skeptical of any increased costs now projected by the newsprint companies, because their forecasts during the past year had not held up. Each company, however, was allowed to present such projections for 1943. In speaking for Great Northern, Tom Allen made the point that the industry had been given no help by a ceiling on wages, either in the mills or in the woods, to which the answer was that that was tough luck; that when a ceiling price had been set it was up to the manufacturers to keep his costs within it, and that nothing said he had to give wage increases! So much for voluntary price-setting.

At this point, a question by one of the O.P.A. attorneys spilled the beans, and it came out that the real problem was the fact that the Canadian mills were making 75 percent of the newsprint consumed; that they had not furnished any cost figures, al-

though they said they had them made up in the form requested by O.P.A.; that even if they were willing to supply them the Canadian Wartime Prices and Trade Board would not let them; that the O.P.A. really felt that from the figures given by the U.S. mills (which they had just said they did not believe) an increase in the ceiling price might well be warranted, but that they were not about to raise it on the basis of information from 25 percent of the industry, nor to give the uncooperative Canadian industry the benefit of an increase based on U.S. figures; that it would not be practical to raise the ceiling for U.S. mills only, and that unless the Canadians got in line the U.S. mills were stuck with the \$50.00 price. On November 1st, the Company announced that its price for 1943 would be \$50.00 New York, or whatever higher or lower ceiling was fixed by the O.P.A.

Following this, some of the companies suggested that the protests be withdrawn, but not only would William A. Whitcomb have no part of this, but continued to put together material with which to go back into battle. This was in the form of a formal rebuttal of the "economic data" and was submitted on November 13th. On top of this, preparations were made to file a second protest. On December 12th, the New York Times published a statement by W.G. Chandler, head of the Printing & Publishing Division of the W.P.B., addressed to the American Newspaper Publishers' Association, that the O.P.A. was about to relax its position on price. No confirmation could be obtained from O.P.A., but preparations for the new protest were held up, and the Company requested that no action be taken on its original protests pending developments. About this time, Leon Henderson, Administrator of the Office of Price Adminis-

tration, was replaced by Prentiss M. Brown. On December 22d, the two O.P.A. members of the Newsprint Industry Advisory Council (neither of whom, incidentally had any connection with paper manufacturing) met in New York with people from St. Croix, Maine Seaboard, Finch Pruyn, Southland and Great Northern, William O. McKay representing the Company, to discuss the situation. This did not get much of anywhere, the O.P.A. now admitting that there had been delay in making decisions, one of them saying that this irritated him to the point where "at times he had to put on his hat and walk around the block to cool off"; that the resignation of Leon Henderson had fouled things up, and that "as a matter of fact we are in a hell of a dilemma." However, they promised to try to get some action, saying that they were not in favor of sacrificing the U.S. industry for the benefit of an industry in a foreign country. On December 31st the W.P.B., after consultation with the newspaper publishing industry, whose voluntary restraints were not producing the desired reduction in the use of newsprint, the production of which required a lot of material and labor, issued Order L-240, limiting consumption of paper in each quarter to an amount not greater than that used in the same quarter of 1941. This was intended to effect about a 10 percent cut. It was not a very strong order, in that it depended more upon self-regulation than on actual allocation, and it allowed rather generously for supplemental quotas, but it was at least an official restraint.

By January, 1943, everyone was in a sweat, partly due to developments in the area of wood supply, which we will go into later. Sheldon Wardwell wrote to Edwin Bechtel on January 21st:

"You will remember that I thought we had reason to expect an advance prior to February 1st, but the story now is that Brown, the new Administrator, is going into seclusion for a while to study the problems of price control and nothing can be expected before February 15th at the earliest. What I am afraid of is that there will be an attempt to stall the decision beyond March 1st in the hope that it may interfere with an announcement for the second quarter The principal increases in cost...will be effective as of January 1st, and curtailment of production soon thereafter. Revised Procedural Regulation, Section 26, contains the provision that any protest based solely on grounds arising after the date of issuance of a maximum price regulation shall be filed within a period of sixty days..... If this provision is legal, therefore, a company not filing a protest might condone all these increases in cost. It does not seem to me that this amendment to Procedural Regulation is warranted by Section 203 A of the Act....but do we want to take the chance? I hate to file a new protest, fearing that it might do some harm to the cause, but yet do not feel quite comfortable." It was finally decided to go ahead. While this was in the works, inquiries through Senator Owen Brewster developed the information late in the month that there would be a decision before the end of February. The Canadian industry had been putting pressure on Prentiss Brown. On February 19th, in connection with the preparation of the new protest, Sheldon Wardwell wrote: "I have just heard that the Canadians are very sore and will make an announcement of price next week if the O.P.A. does not act." It acted, late in the month, amending M.P.R. 130, as of March 1st, allowing

an increase to \$54.00 in the New York price. On March 11th, official notification was received that the file on the old protest on M.P.R. 130 was closed, on the ground that the requested relief had been granted, and the new protest, which had been put in final form, was held up.

The hope had been that in view of all that had happened since cost increase information had been submitted eight months before, that the increase allowed would be greater. The Canadian industry openly expressed displeasure, and Great Northern's new protest went back to the drawing board. Some fine legal points arose here. Protest had to be made within sixty days of the order, which technically was M.P.R. 130, and the docket on this had been closed. However, it was finally agreed that it would be in order to proceed against the amended M.P.R. of March 1st, Edwin Bechtel saying: "The language....could be tempered so as not to offend the Office of Price Administration." Meanwhile, the O.P.A. had broken out with a rash of new reporting forms, probably in anticipation of such action.

The new protest -- we refer to Great Northern's, although other manufacturers also filed separately -- asked the O.P.A. to take into account cost increases in 1942 and early 1943, which amounted to about \$7.00 a ton, and to grant a further rise of \$5.00 in the ceiling, and was filed on April 28th. On May 26th, the O.P.A. advised that more time was needed for study, but promised a reply by July 19th. However, a new labor agreement negotiated in April called for higher rates starting May 1st, other costs, particularly wood, were still rising, the July 19th date was too

late, even if action was favorable, to allow of putting out a new price for that month, and rather than file a supplement to the protest, as had been done before, it was agreed by letter with the O.P.A. on June 10th that no action would be taken until cost reports for the second quarter were filed, and that these would be taken into account as if included in the original protest.

The effects of Order L-240 began to be felt at the mills, with some machines shut down at intervals at both Millinocket and East Millinocket. Even at that, the newspapers were not living up to what was expected of them under the order. From the New York Times of May 20, 1943, under the head "W.P.B. WARNS PRESS TO SAVE NEWSPRINT"

"Either newspaper publishers must curtail their consumption of newsprint or the War Production Board will have to do it for them, W.G. Chandler, Director, and H.N. Bitner, Deputy Director of W.P.B.'s Printing & Publishing Division announced today....."

We will quote only part of the joint statement, which was concilliatory in tone:

"The newsprint situation in the United States is serious. It was expected that W.P.B. General Limitation Order L-240, issued last December 31st, would effect a saving in newsprint of approximately 10 percent. This expectation is not being fulfilled.

The latest American Newspaper Publishers' Association figures indicate only a 5 percent reduction from 1941 for the first four months of this year.... only about 2-1/2 percent under the first four months of 1942. The necessity for further curtailment now is urgent.....

Requests for additional tonnage in the present quarter filed in accordance with Order L-240, which seeks to prevent undue hardship, are in many instances higher than relief afforded in the first quarter, which was an adjustment period. Unfortunately, it is not possible for newspapers to continue.....without making additional sacrifices..... Therefore we appeal to newspapers generally to accept the reductions in their current requirements which the Printing & Publishing Division has been forced to make. We appeal to newspapers generally to 'play the game' and voluntarily reduce their requests.... We believe that failure to recognize the urgency of the present curtailment objective..... will lead the publishing industry into a critical situation where more drastic limitations will be inescapable."

A week later, O.P.A. and W.P.B. representatives went to Canada to consult with industry and Government officials there. Earlier, the Canadian industry, with the approval of its Wartime Prices and Trade Board had agreed to ship to the U.S. about 240,000 tons of newsprint per month. They now informed the W.P.B. that they would ship no more than 210,000 tons. As to the O.P.A., it was told that the Canadian industry insisted upon a further increase in price of \$6.00 a ton. Sheldon Wardwell commented in a memo on June 28th:

"My diagnosis is that (they) are especially dissatisfied with the port discounts and have been unable to persuade the O.P.A. to change the relationship - even to that of the normal zone price. As you will remember (they) with

cheap water transportation, grabbed most of the port tonnage all the way to Texas - all at the original fifty-dollar port level. They are now faced with something like an \$18.00 freight rate to many of the southern ports.... Undoubtedly they would be willing to let the U.S. mills take part of the loss and place Canadian tonnage at nearer delivery points."

This had validity, but more concrete was the fact that Canada was very short of woods labor, its government not having declared the production of pulpwood an essential industry. In the face of this, Great Northern was carrying on its own fight to get woodsmen from Canada, its only source of woods labor in certain areas. We will go into this in some detail later. It was also agonizing over additional evidence to be presented in support of its price protest, when some time very close to the July 19th deadline, the O.P.A., without any further consultation with the industry, raised the ceiling price another \$4.00, to \$58.00 New York, effective September 1st. This again was not as much as either Great Northern or the Canadian industry wanted, but it was near enough for the Company, for the time being at least. It technically did not answer the protest, as it did not give the relief asked for, but to allow the O.P.A. to issue a blanket dismissal and not have to go through separate proceedings, the three Maine companies, by agreement, formally withdrew their petitions late in July.

The newspaper publishing industry did not object, as a whole, to either of these price increases. Its concern was for a supply

of paper. It had been expected that with less consumer goods available demand for advertising space would drop, but it did not. Circulation had naturally increased, due to the war. In July, Order L-240 was amended, calling for a further 5 percent reduction in use, but this did not accomplish much. It was not that the publishers were not willing to be cooperative, but the pressures on them for news and advertising space was very great; the permissive provisions of the limitation order were a temptation to apply for supplemental quotas, in spite of Mr. Chandler's exhortation; the W.P.B., not wanting poor publicity, was still too generous in allowing them, and there was just not enough paper. The United States industry was operating at about 78 percent of capacity, although Great Northern was up to 88 percent. The Canadian mills were averaging around 69 percent. The basic problem on both sides of the border was shortage of pulpwood, and in spite of wishful predictions from some sources early in the year that this would be alleviated, it was getting worse.

It would be practically impossible, within the scope of this story, to analyze the witches' brew that was bubbling by the middle of 1943. We can only make a pass at it. The A.N.P.A. and the W.P.B. were sending delegations to Canada, imploring the industry and the Government to find ways to increase the supply of paper. The Canadian Newsprint Association and the Wartime Prices and Trade Board were sending delegations to Washington to show why it could not be done. The United States manufacturers, Great Northern in particular, were pulling every string in sight to get more Canadian labor for their woods operations, and the

Canadians were resisting, quite successfully. The industry had also begun to talk to the War Department about the use of prisoners of war to cut wood, but the Army was not reacting enthusiastically. The A.N.P.A. had raised the proposition of 30-lb. basis newsprint instead of the standard 32-lb., and had created a Pulpwood Committee of its own to try to be helpful in getting more wood cut, both in the United States and in Canada. The War Production Board had set up a Pulpwood Production Board, with a lot of regional offices, in a well-intentioned effort to aid in the procurement of pulpwood through a series of specialized divisions -- transportation, equipment, manpower and so on. This in the first instance caused nothing but confusion. The writer attended the meeting at which the Northeast Regional set-up was explained, and after six solid hours of exhortation by five representatives of the various services offered or imposed, he came away not one whit enlightened, except by the remarks of the last speaker, Lt. Curtis Hutchins, of the Dead River Company, who had been given leave from the Navy to act as head of the Pulpwood Procurement Division, who talked for only about ten minutes, and made a great deal of sense. The O.P.A. was talking about ceiling prices on pulpwood, which at this point was counterproductive. Everybody and his dog was after the agencies in both countries controlling manpower to recognize, or recognize more fully, the essentiality of newsprint, and provide more woods labor from anywhere by allocation and deferments. The Company was buying every stick of wood it could get its hands on, in Maine and New Brunswick, and was advertising in every newspaper in the State for more.

Right in the middle of all this was the Boren Committee, formed early in the year under the chairmanship of Congressman

Lyle F. Boren of Oklahoma, to investigate the activities of Government production control agencies. This spawned a sub-committee on newsprint, also known as the Boren Committee, which proceeded to rip into everyone concerned, criticizing the publishers for not meeting their obligations under L-240; the W.P.B. ditto; the various agencies controlling the supply and allocation of manpower in the United States and Canada; the Canadian industry for not doing enough toward meeting the demand for paper; the Army for dragging its feet on P.O.W. labor, and the manufacturers in both countries for not embracing the proposition of 30-lb. paper. It was very active over the next couple of years; did not care whose toes it stepped on, and was instrumental in forcing decision and action.

One result was another amendment to L-240, knocking another 5 percent off the newsprint quota to publishers, making a total reduction of 20 percent from the 1941 base period. This was backed up for the first time by a tightening of order M-241, limiting the amount of pulp that could be used in the manufacture of newsprint. This was something different from the system of allocating pulp to fill orders for paper allowed to be placed under L-240, but by its terms it was more for psychological effect than anything, as it allowed for the allocation of more pulp than was actually being used, and to the best of our recollection it caused no difficulty as far as the mills were concerned -- at least no more than was being experienced anyway. The further cut in newsprint allowance was mentioned by Harold Boeschstein, Director of the W.P.B. Production Controls Bureau, with a special assignment to the pulp, paper and lumber industries because of the

difficulties they were in, who was called before the Boren subcommittee on October 7th, and said in part, in a long statement and reported in A.N.P.A. Bulletin No. 60 of October 14, 1943:

"We have been living in part on our inventories at least since 1941... Inventories of wood and wood pulp in this country are now generally at a minimum working level.... Canadian inventories will be in a similar situation by next spring if the present differential between income and outgo continues...We cannot afford to run the risk of prolonged interruptions in the operation of newsprint or pulp mills and certainly not of newspapers....We must attack this overall problem at the source, namely the amount of labor in the woods... The production in this country depends on the flow of pulpwood to the mills. This supply of raw material is currently inadequate by about 25 percent to permit full operation of newsprint capacity....The W.P.B. must look to the Canadian government for a major share of any increased supply of pulpwood, which can only be provided if the Canadian government arranges for the employment of additional men on the task of cutting wood. To increase our own national supply...the W.P.B. must look to the War Manpower Commission and the United States Army as well as the individual farmer who might engage in wood cutting as incidental to farm operation...."

He then went on to outline a program for the coming season -- the establishment of a combined United States-Canada-United Kingdom

Pulp & Paper Committee; exemption of farm labor from the draft; the use of prisoners of war; expanded use of waste paper; the encouragement of wood cutting by farmers; the reduction of newsprint basis weight and stimulation of production by raising price ceilings -- all old hat to producers, who were way ahead of him -- and followed with a dissertation on the difficulties faced by the W.P.B. in the area of pulp and paper production because of the competition for manpower, which also was no news.

On October 15th, as reported in A.N.P.A. Bulletin No. 63 of October 19, 1943, Matthew G. Sullivan, Ass't Director of the Printing & Publishing Division of W.P.B. and Administrator of Order L-240 was up before the Boren Committee, going into a long explanation of why poor judgment in formulating the order, rather than loose administration or violation was the reason for its lack of success, the whole amounting to little more than a defense of the performance of his division, about the only thing bearing remotely on a solution being the profound statement: "Newspaper publishers are grateful for your quick perception that what is needed is increased production of pulpwood." The W.P.B., having allowed the newsprint situation to get well and truly fouled up was pretty defensive as 1944 approached.

The Canadian industry was aggressively defensive. On October 16th, Paul Kellogg, Acting President of the Newsprint Association of Canada wrote an open letter to the A.N.P.A., which began:

"It is with considerable concern that I have seen and heard criticism by some American publishers to the effect that Canadian newsprint manufacturers have failed in their

obligation to their good customers on the other side of the line. I am concerned, not only because of apparent lack of appreciation of the really heroic" (albeit selfish)"efforts being made by the Canadian industry to keep up newsprint shipments but chiefly because these utterances show such a complete disregard, or lack of knowledge, of the actual facts in the case."

He then went on to show that Canadian shipments of news to the United States were several hundred thousand tons greater in 1943 than in 1939, whereas U.S. mills were shipping 15 percent less to their customers, and that moreover Canada had been supporting the U.S. industry by shipping to it more pulp and pulpwood than in 1939, adding:

"I submit without any apology that Canada's performance during the time of war has been superb. We have literally rescued that portion of the American market which had previously purchased its paper overseas. Under these conditions and with these facts in front of me I just had to display them to you, to whom I can speak without restraint in justification of the performance of the industry which, up to date, I repeat has been outstanding.....We now have no pulpwood reserves to use for our customers, but no matter what may be the degree of curtailment in 1944 I think you will find when the year ends that Canada will be found to be its usual reliable source of supply for United States publishers."

God Save the King !

His figures were perfectly good, but the publishers had been led to believe that they could use at least 90 percent as much paper as they had in 1941, when the Canadian mills had shipped to the United States some 300,000 tons more than in 1939. He also did not mention that the U.S. industry which he belittled had, except for the single shot in the arm given by the advent of Southland in 1940, been going downhill for 20 years under the circumstances which we have described. He did not note that it also was sharing its pulp, and at that, was running much nearer to capacity than the Canadian operations. He did not mention that about this time Canada had indicated that it would cut its shipments to the U.S. in 1944 to about 180,000 tons a month, instead of the 210,000 tons it had been providing, this being largely responsible for the latest order of another 5 percent reduction in allowed consumption under L-240. (This figure was a little later raised to 200,000 tons, and the W.P.B. proposed to put the difference into a pool, or "stockpile", from which it would make distribution to the needy, but this proposal was never implemented, and we will not go into it any further.) And while Canada actually did a little better than its forecasts in both 1943 and 1944 as to newsprint shipments, he did not mention some other matters in which it was being anything but cooperative in keeping the United States press supplied with paper, but we will.

In spite of Paul Kellogg's assurances, everyone involved in the manufacture, use or regulation of newsprint had at this point come to the common recognition of the fact that the situation was going to get worse, unless something was done about it, and quickly, because the 1943-1944 cut was coming up, but nobody had

the answer. As far as Great Northern was concerned, it was fairly simple -- more Canadian woods labor, and there was labor in Canada which was ready and willing to cut for Great Northern and not for the Canadian mills -- but getting it was another matter. More Canadian wood, from areas which normally exported it, was also part of the answer, but not much less difficult to obtain. We will take that up later.

As we have noted previously, labor for the North Branch area, from which the Company obtained about one-third of its wood, was almost entirely French-Canadian. Before 1917, there were no United States restrictions on this labor, which came and went across the border at will. In this year, a head tax of \$8.00 which allowed a man to remain in the United States as long as he liked was imposed, which caused no problem. In 1924, the visa system, a formal individual permit to work in the United States, was established, and in 1941 the "bonded labor" program, under which the employer had to obtain permission from the U.S. Department of Justice, through the Immigration and Naturalization Service, to import labor for a specific purpose, and guarantee that every man returned to whence he came at the end of a specified period, went into effect. Although the wood cut in this area was mostly harvested by contractors, the Company was responsible for their observance of the labor laws established some years before, and consequently their labor was technically Great Northern labor, imported and bonded by the Company. Permits to import or retain specified numbers of men had to be applied for twice a year, once in the spring and once in the fall. The writer is not sure

when the Canadian government began to place restrictions on the number of men who might thus leave the country, and require them to obtain exit permits, and this is not important to this part of our story, but at the time of which we write, with Canada at war, such restrictions had been imposed, and that was right and proper.

In the 1941-1942 season, the Canadian authorities had allowed 7,400 men to cross the border, practically all to cut pulpwood. Great Northern had permits from the U.S. Immigration and Naturalization Service for 1250 of these, and in this season obtained, from all sources, 382,000 cords of wood, which was about normal. The permits, which normally would have expired earlier, had been extended to July 7, 1942. By this time three new elements, the War Manpower Commission in the United States, which had the power to allocate the work force, both domestic and alien imports approved by the Justice Department; Canada's National Selective Service Board, and the Canadian Employment Security Commission, which among other things could control the exit of labor from that country, had entered the picture, and what had been more or less routine became suddenly very complicated.

It is hardly necessary to say again that the Canadian newspaper industry was a very powerful political force north of the border, although not always in agreement with the policies of its government, and it was losing its woods labor to the military and to war industry. In the spring of 1942, according to a report made by William Hilton, a group of representatives from the U.S. paper mills conferred twice in Montreal with a similar Canadian

industry group, and an agreement was made that the United States industry -- Great Northern was of course not the only applicant -- could have 3700 Canadian woodsmen; half as many as it had had the year before. This was unofficial, but apparently effective with the Canadian authorities, and acceptable, at least to Great Northern because it was allowable to replace a man who left, and while some 1800 men had come and gone under the permit for 1250, the Company had never had more than 900 working at one time. Application for 625 men was duly made by Great Northern to the Justice Department, who turned it over to the War Manpower Commission. This agency, under its own peculiar formula, reduced the quota to 517, and on the basis of a later head count which found only 507 Canadians actually in the camps, promptly reduced the allowance to that number. There were some small individual allotments to contractors, notably Tom Pinkham (this was the elder Pinkham) in Aroostook County, working for Great Northern, but these did not amount to a great many men, and to avoid complicating the complications we will confine ourselves to Great Northern figures. The Company's cut, including purchased wood, in the 1942-1943 season, totalled 303,000 cords.

This was where matters stood on March 1, 1943, when William Hilton applied for permission to retain the 507 men he had. Before this time, it was clear that it just might be difficult to get any quota at all. In November, 1942, Senator Brewster who had been keeping in touch with the War Manpower Commission, the State Department, the Immigration Service and the War Production Board, had learned that the Canadian government was objecting to the employment of Canadian citizens in Maine, at that time on the

ground that a lot of them were not taking the trouble to obtain exit permits, and that they did not stay in the woods, but went to the ship-yards and other better-paying jobs, but there were other considerations, as it turned out.

From this point on, it is hard to tell who was negotiating with whom. So many people were involved that it became ridiculous, and we will not try to follow all the names. In January, Sheldon Wardwell had been talking about getting the whole New England Congressional delegation involved; the Northeastern Pulp Producers' Committee said that things were progressing, and to cool it. W.G. Chandler, of the Scripps-Howard organization, at that time Director of the W.P.B.'s Printing and Publishing Division, endorsed William Hilton's application in a letter to the War Manpower Commission on March 9th. On May 10th, there had been no decision, but Senator Brewster advised that War Manpower and Canadian officials were conferring on that day. At this point the cat got out of the bag. It developed that Paul V. McNutt, head of the War Manpower Commission, had dropped a wrench into Great Northern's works by agreeing with the Canadian Minister of Labor on April 28th, in writing yet, that no Canadian labor allowed to come to the United States would be permitted to cut pulpwood to be used in the manufacture of newsprint -- other papers yes, news no way -- the Canadians having made the statement, referring to Paul Kellogg's letter which we have quoted, that they could supply all the newsprint needed, therefore the manufacture of news in the United States was not "essential"; and Mr. McNutt had bought it. Sheldon Wardwell immediately went to bat on this with the W.M.C., stating in a memo dated May 13, 1943: "I pointed out the illogical position

of having a foreign government decide what was essential or non-essential in this country (and) called attention to the fact that this was directed solely against Great Northern and obviously stimulated directly or indirectly by competitors." The next day he wrote to Senator Brewster: "The newspapers of May 12th carry a statement by Mr. Cullen, President of International, that power, labor and transportation situations in Canada are in perfect condition to supply an undiminishing supply of newsprint to American newspapers throughout this year and well into next year, so it seems obvious that the Canadian attempt at curtailment of labor to this country, particularly the attempt to discriminate against the Great Northern, is not warranted by conditions."

However, subject to the condition that they not be used to cut wood for newsprint mills, Canada had agreed that a limited number of men would be provided. This number turned out to be 2700, but the open-ended provision was cancelled. That meant that if a man went home, another could not be recruited to take his place -- a very serious restriction. On May 12th, William Hilton was advised by the Immigration Service that the 507 men on his existing permit all had to be out of the country by June 8th, and that he must make a new application, which he did on May 26th, asking for the same number to be allowed to remain until January 8, 1944, but because of the reduced number available, his allotment was only 360 for the summer period, or until October 31st. Sheldon Wardwell went to Washington to expostulate with the War Manpower Commission. He did not get to see Paul McNutt, but was assured that the threatened discrimination would be looked into.

At this time, the question of importing labor from Newfoundland, then a Crown Colony, not part of Canada, was brought up and explored, it being the impression that the completion of work on military installations there would release a lot of men. However, upon investigation, which straggled along into November, it was found that most of this labor had gone back to regular jobs, and that there was little unemployment on the island, so that no help could be looked for in that direction. The War Manpower Commission also made some talk about labor from Puerto Rico and the Bahamas, but this went nowhere.

Meanwhile, Donald Nelson, then head of the War Production Board, had by direct intervention got agreement to withdrawal of the War Manpower Commission's promise that Canadians would not be used to cut pulpwood for newsprint. However, in William Hilton's view, the harrassment continued. On June 22d he wrote to Sheldon Wardwell that "the Canadian officials are putting in about all the trigs they can find to bother the Immigration Service", and on August 4th he wrote to John Hobson, President of the Newsprint Manufacturers' Association:

"This year while Canada has agreed to give us a limited number of men they have instituted regulations which almost nullify the whole procedure. For instance, it is impossible to bring across...men of military age or farmers. In talking with the W.M.C. in Boston yesterday, they claimed that Canada is not going to draft these men (farmers) into military service, and will not allow them to leave the country, hoping that this will drive them into the Army, which.....will probably not accomplish their purpose."

His argument was that the labor upon which the Company had always depended were Quebec French farmers from the Eastern Townships adjacent to the border, who could travel between their homes and the North Branch camps in a matter of hours; that they were exempt from the draft; would not enlist in the service; would not go into the Canadian woods operations, which were mostly on the north side of the St. Lawrence River, far from their homes; that if they were working in a Great Northern camp they were not so far away that they could not easily be policed and readily recalled if needed, but that otherwise they would farm a little in the summer, and sit in their kitchens all winter, representing a complete waste of labor and a loss of cash income, and that these facts were so evident that there ought to be some way to get sensible people on both sides to see them and work out a deal that would benefit both.

About this time the United States industry received another jolt when the Canadian government announced that it was contemplating a one-third reduction in the amount of pulpwood that might be exported, and word got around that pressure was being put on it again to stop the exit of all woods labor, on the same ground that it was being used for non-essential purposes -- and Sheldon Wardwell drew from the W.M.C. the admission that this was harking back to the proposition that newsprint was not essential -- with the added reason that it provided a chance for draft-dodgers to get out of the country. This stirred new activity, not only to get this attitude changed and obtain a larger quota of woods labor for the fall and winter, but to improve the whole deteriorating relationship in the area of pulpwood supply. The various Maine com-

panies were not working too well together, either. Great Northern largely pursued its own interests, although it did not neglect those of others where they coincided. In this part of our story, we will stick with the labor aspect as far as possible, taking up direct pulpwood supply from Canada later.

William A. Whitcomb appealed to W.G. Chandler, who got in touch with R.M. Fowler, General Counsel of the Canadian Wartime Prices and Trade Board, who on September 17th wrote that his organization had nothing to do with labor, this being in the hands of National Selective Service, and that National Selective Service had not received any request for labor for the fall period from the U.S. War Manpower Commission. Sheldon Wardwell wrote on September 22d: "Now it strikes me that this is the usual run-around, as I am pretty confident that War Manpower would like to obtain all the Canadian labor they can and that (National) Selective Service knows it perfectly well." The War Manpower Commission said that the Canadian Ministry of Labor, not National Selective Service, determined the quota, and that it had been working on the matter and had a meeting arranged in Ottawa to discuss it, having delayed until this time because it had been indicated that there might be a larger allotment after the farming season had ended.

Coming into October, 1943, the situation was just as confused as we are sure we have made it seem, and things began to get hectic. We will have to leave out many of the steps which followed, but will try to put in those which best tell the story. The scheduled meeting of the War Manpower Commission with the Canadian authorities was cancelled by the latter, with no reason given that we can find,

and the former threw up its hands and said that it appeared that the Company would have to look after itself. Senator Brewster, who was working closely with Great Northern, prevailed upon the State Department to try to do something, and the State Department asked that everyone lay off for a week or two while it tried to straighten things out. William A. Whitcomb enlisted the help of Cranston Williams, General Manager of the A.N.P.A., who offered to lay the matter before the Boren Committee, which had hearings coming up, but it was decided not to explode anything like that until the State Department had been given a little time. Probably at the instigation of the Company's French contractors, the mayors of four Quebec towns in the border area wrote letters stating that there were at least 2,200 men right in their communities, who could not go far from their farms, but wanted to work in Maine, and that if the restrictions were not lifted, there would be great hardship. A petition was signed by a large number of Quebec farmers in outlying areas, to the same effect. These were sent, not to the Canadian authorities, but to William Hilton. Copies of translations were given to the W.M.C., the W.P.B. and Cranston Williams on October 13th, with instructions not to use them until they could be filed with the appropriate Canadian agency. In its October 14th issue, the Paper Trade Journal reported on a blunt address by Howard Smith, President of the Canadian Pulp & Paper Association, in which he blamed his own government for the shortage of woods labor -- the Canadian mills were hurting too -- saying that the farmers would not go into the woods; the "bush" in Canada; to cut wood, for fear of losing their draft-exempt status. With the State Department in the game, the whole matter had worked up to Canadian Cabinet level, if that is not where it had been all

along, and on October 19th Senator Brewster telegraphed Sheldon Wardwell that it looked as if some progress was being made.

Senator Brewster was a real optimist. Cranston Williams had been in touch with W.G. Chandler, and on October 20th the latter telephoned William O. McKay and offered to arrange to give the situation wide publicity, but he also was asked to hold off to see what came of the State Department's efforts. On the same day, Gov. Sumner Sewall of Maine offered to issue a proclamation laying the principal blame for the sad situation in the pulp and paper industry on the Canadian authorities, and Senator Brewster agreed that this might not be a bad move, but we have no record of its being done. On October 22d, Frank Pearson, the then Assistant Manager of the Spruce Wood Department, after cooling his heels in Ottawa for 24 hours, personally delivered the Quebec petitions to H.A. McNamara, Deputy Minister of Labor, and those who had copies were released to use them any way they liked. On October 23d, Sen. Brewster wired Sheldon Wardwell:

"STATE DEPARTMENT ADVISES CANADIAN CABINET DECIDED AGAINST CLOSING BORDER WOODSMEN WILL BE ALLOWED TO ENTER REPRESENTATIVES IN CANADA NOW WORKING OUT DETAILS".

Very interesting. Great Northern had been pretty much holding back, awaiting just this word, but some of the natives were restless. On October 20th, Tom Allen had reported that a group of the eastern manufacturers, acting under the guidance of the American Pulp & Paper Association, had arranged a meeting with the War Manpower Commission in New York for October 27th, and that if they did not get results, they were threatening to engage counsel, which they had all picked out, to "start fireworks before the

Truman Committee". This was the "Senate Committee to Investigate the National Defense Program", chaired by Senator, later President Harry S. Truman. By October 25th, word was out that 3500 Canadians would be allowed to come over to work in the woods in the northeastern United States, applications to be made during the first half of November. This was announced at the meeting with the W.M.C. in New York. William A. Whitcomb had allowed Tom Allen to attend this meeting, but had refused to have anything to do with the projected legal action, saying that Great Northern would face its own problems in its own way. Obviously no great progress had been made in improving cooperation. The figure of 3500 was disappointing, and again the rumor was about that none of these men could be used to cut wood for newsprint mills. This came from another letter written by Paul V. McNutt to the Canadian Minister of Labor, read at the New York meeting, which contained the statement: "These men will be allocated in accordance with the essentiality to end use." Which could be subject to the above interpretation, but was not. Apparently this time newspapers, rather than newsprint, were considered the "end product".

The W.M.C. said that it would allocate the number of men allowed on about the same basis as the year before, and that after they were over the line they would try for more. At just about this time, the Boren Committee, which had been talking with producers, publishers and the various government agencies involved, took matters into its own hands, Lyle Boren writing to President Roosevelt a letter in which he said that the newsprint shortage was growing worse so rapidly as to threaten the continuation of

a free press; that the cooperation given the Committee by the various agencies of government was not all that it might have been, and outlined a number of steps that might be taken, most of which, except the exemption of some number of woodsmen from the draft, and direct action by the W.M.C. to take skilled cutters out of less essential jobs and put them back in the woods, had already been taken, however unsuccessfully. The essential content of this letter was published in the Paper Trade Journal of November 4, 1943. It drew little more than a brush-off from the President.

The next unpleasant development was that 1000 of the 3500-man quota were assigned to the cutting of saw-logs, and the Company's allotment by the W.M.C., as of November 15th, was reduced from 360 to 300 men. On November 16th, the United States Pulpwood Producers' Association filed a formal protest with the W.P.B. against the inadequacy of the recently announced allotment of 3500 men, on behalf of the northeastern mills, stating that the restriction on replacement recruiting would make it impossible to keep anywhere near this number in effective employment, and that a survey which it had made in the border townships of Quebec showed at least 10,000 experienced workers available. This of itself did not produce any direct results, but it contributed to the obtaining of a small additional quota which was supposed to offset the restriction against recruiting to fill vacancies, which remained in effect. This was the end of woods labor developments for the year 1943. Great Northern's acquisitions of pulpwood from all sources in the 1943-1944 season was only 216,000 cords. It cost \$22.61 per peeled cord, delivered at the mill,

against \$12.15 for the 1940-1941 cut. Inventory of wood in the mill piles and in various stages of delivery, was 290,000 cords, about 40 weeks' supply, on January 1, 1944, as compared with 517,000 cords, or 79 weeks' supply, at the start of the year 1941, and the Penobscot mills went down to five days a week.

At this point, it might be appropriate to look back at the first ring of the circus, where the newsprint price act was going on. We left this with a figure of \$58.00, New York, set as of September 1, 1943, and in effect on January 1, 1944, with the Company's protest, which had some bearing on the establishment of this price withdrawn, and nobody happy.

Great Northern began to make figures for Protest No. 3. The question immediately arose as to what to do about the impending manufacture of 30-lb. newsprint. It was decided to ignore it, Sheldon Wardwell saying in a letter to Bryan Seelye on January 7, 1944: "If we try to go into the refinements of 30-lb. newsprint, we will never get this done on time and it will complicate the issue. We can file on that later if necessary". As we have noted, everybody but the manufacturers had suggested this remedy, and it will not take too long to tell what happened to this proposition, which was at the pressure stage at this time, with a bill introduced by Senator Boren to revise the definition of standard newsprint to allow 30-lb. paper to enter duty-free, because to be of any great benefit, the Canadian mills would have to agree to make it.

In explanation, let us say that the idea of 30-lb. newsprint was to get more yardage out of the same number of tons, hence more

white space from the same amount of wood; or, if you like, the same white space from less wood. This was fine for the newspapers, although it presented certain technical problems in printing, like strike-through and show-through, but it made a problem for the mills. It not only reduced the production of a machine in tons, if run at the same speed as 32-lb., but being inherently weaker, either the machine had to be slowed down for safe running, or more long fibre had to be used, or both, all of which cost, and more chemical pulp partly offset any saving in wood.

On February 8th, the Production Committee of the Canadian newsprint industry presented to the War Production Board in Washington a long memorandum "prepared at the request of the W.P.B." This, **summarized**, stated that the demand for 30-lb. paper was based on a natural but erroneous assumption that the supply could be increased by its manufacture; that if the customers were willing to meet the extra cost the change presented no mechanical problems and no serious disadvantage to the manufacturers "as long as customers are prepared for possible ill-effect on supply and will take the responsibility for the consequences of their choice." We will not go into all the argument, which took up many technical and economic factors, and set up three hypothetical situations which might develop, all equally unpalatable, ending: "The Canadian manufacturers wish to be under no reproach, from any direction, for ill-results....and the possibilities of discrimination between customers.

These are the reasons which impel the manufacturers to provide

all available information and which lead them to hope that a period for adequate study....may help all concerned to avoid wrong conclusions and mistaken action."

Their argument had been anticipated by the International Printing Pressmen and Assistants' Union, which issued a statement printed in the American Pressman of November 1, 1943, violently opposing the use of 30-lb. paper from the point of view of its technology.

Great Northern, while not enthusiastic about it, went along with the request of some of its larger customers for a trial of the light-weight, and in December, 1943, wrote letters to all its accounts, offering to ship it as a substitute for standard newsprint on their contracts during the months of January and February, 1944, at a price of \$5.00 above the maximum for the standard sheet, this figure having been unofficially approved by the O.P.A. for a trial period. However, on December 16th, the O.P.A. switched its ground, issuing an amendment to M.P.R. 130 (Amendment No. 5), allowing a premium for light-weight only to the extent of the increased cost of manufacture, determined under a specified procedure. This of course was considered by the Company to be a double-cross, and Sheldon Wardwell, accompanied by John Hobson, was dispatched to Washington on December 30th to argue the point, which he did with vigor, reporting in a memo dated December 31st that they were told that the O.P.A. did not intend to let anybody make any profit out of the 30-lb. paper, to which he had replied that he was less interested in the immediate dollars and cents than in a proper method of determining a standard differential, which the order, in his opinion did not provide; that if it was an unfair

differential the Company could not afford to cooperate; that nobody wanted to make the paper, but were willing to try their best to assist in the war effort and that the Canadian mills insisted that they would not make the paper anyway. He then wrote:

"The atmosphere was quite warm at this point and I told Mr. Atwater that I was going to New York to meet Mr. Bechtel who would be responsible for advising the Great Northern, and that in view of what he had said I was going to suggest as a possibility that the Company notify customers that it would carry through their January orders on the standard (price) basis, without any advance, but cancel all future commitments until there was a fair method of determining the differential. This caused a real explosion."

We should say that this matter of disagreement with the O.P.A. over its standards for determining cost or cost changes was perennial. There was altercation about the cost of wood, the method of charging it to the mill, the cost of freight allowed, repair costs, overhead, depreciation, the cost of power and what if any taxes to include or exclude, every time price was argued. These controversies were much too complicated to even begin to explain, and on some of these things there was never any agreement.

Edwin deT. Bechtel proposed going right to the top, with a letter to, or an eye-ball to eye-ball confrontation with Chester Bowles, the new Director of O.P.A., or even a formal protest, but while this was being considered, W.G. Chandler advised William A. Whitcomb against it, saying that he would see what he could do. However, nothing further was heard from him. The Company, St.

Croix and Maine Seaboard began shipping 30-lb. paper in January, 1944, on orders, as they had agreed, charging the \$5.00 extra. The West Coast mills also began making the light-weight at the same time, setting their price \$7.50 above the regulated price. The Canadian mills were not accepting orders, having been told by the Newsprint Administrator of the W.P.T.B., as reported in the Paper Trade Journal of March 9, 1944, not to make any light-weight news before April 30th, while the matter was studied. In the meantime, Senator Boren's bill, with amendments by Senator Arthur Vandenberg limiting its life to the duration plus six months, had been passed by the Congress. To make a long story shorter, the O.P.A., after consultations with the Advisory Committee, issued, on April 1st, Amendment No. 6 to M.P.R. 130, allowing \$4.00 a ton differential, and the Canadian mills began to take orders, but the experiment was abandoned along about June, when the War Production Board, finding that some of the newspapers were ordering much larger quantities of the light-weight paper than their allocations called for, negating the whole purpose of the thing, amended L-240 again, requiring that orders for 30-lb. paper be reduced by a percentage equal to the percentage difference between 30 lbs. and 32 lbs., upon which, of course, everybody stopped ordering 30-lb. paper, and that was the end of it.

Protest No. 3 against Amendment No. 4 of M.P.R. 130, filed on January 17, 1944, asked that the ceiling price be increased to \$63.00, Zone 4; another \$4.00. The Company had just applied for approval of an increase in woods wages, which was included in the projected increased costs, and this raised a technical

problem as to whether to file for an "amendment" of the order, or make a protest. The legal people were a little confused. A request for amendment had to be made within 15 days of the application for a wage increase, and if turned down was incontestable. A protest, which could be appealed, had to be filed within 60 days of the last price order, and this period had passed. It was decided to file a protest, but the importance of this technical difference seems to have been overlooked, and there was a great rush to get it filed within fifteen days. It was carefully explained to the O.P.A. that no "precipitate action" was wanted, in the hope that reports for operations during the first quarter would get into the record and be taken into account, Edwin Bechtel writing Sheldon Wardwell on January 28th: "I hope that there will be enough time and consideration of the protest so that no arbitrary decision will be made." As it turned out, there was lots of time. On February 14th the O.P.A. requested and was granted an extension of 60 days in which to act, but on the 24th, Chester Bowles dismissed the protest because it was a protest, and had not been filed within the required 60 days after the last amendment to the order. However, he allowed it to be entered as a "petition for amendment", on which no action would be taken until after the expiration of the extension which the Company had allowed. Within this time, submission of additional information and a petition for reinstatement of the protest would be allowed. This was really shuffling the deck. William A. Whitcomb was all for going to Washington immediately and raising a disturbance, but Sheldon Wardwell got him cooled off, his feeling being that there was not going to be

any consideration given to a further price increase anyway, unless the Canadians got into it, which they had not yet done, but for protection, arrangements were made in April for another 60-day extension in which to file an amended form of protest. However, there were second thoughts about this, too, and on June 6th the protest, or "petition for emendment", as it had become, was withdrawn without prejudice. The price of newsprint remained at \$58.00, New York, through 1944.

There was no further action until January, 1945, when a new petition for amendment of M.P.R. 130, Amendment 4, prepared in December, was filed after a conference with O.P.A. officials in Washington on January 8th. This again asked for a \$63.00 Zone 4 price, to be effective February 1st. While nothing was heard from Canada, at least publicly, other United States Companies had been making themselves heard in one way or another, and on April 1, 1945 the O.P.A. raised the ceiling to \$61.00 port, which was \$62.00 Zone 4, a \$3.00 increase. We have latterly been using the official "port" designation instead of New York, but port price was New York City price.

On May 7, 1945 the war in Europe came to an end, and not long thereafter, the limitation orders on the use of all papers except newsprint were lifted. L-240 remained in effect, but was liberalized, since the production situation in Canada improved almost at once. In 1944, the Canadian industry had operated at just about the same rate as in the previous year, although its exports to the U.S. were somewhat lower. In 1945, its production got up to 77 percent of capacity, while United States output dropped to

74 percent. As we have pointed out, it was not easy to convert a Canadian newsprint mill to some other grade, but in the U.S., the older and smaller mills had been moving gradually to other papers, their capacity to produce newsprint dropping from some 1,100,000 tons per year after Southland had gone into operation in 1940 to about 950,000 tons in 1945, and with the lifting of restrictions on more profitable grades, this process was accelerating to the point where there began to be concern that the industry was about to become extinct. Further representations were made to O.P.A. during the summer, resulting in the tentative suggestion that perhaps a further \$2.00 raise might be allowed, but at a meeting of the O.P.A. Newsprint Advisory Committee in New York on September 7, 1945, it was agreed that this would be entirely inadequate and that "if the United States mills are to continue to produce this grade, a substantial price increase is required by January 1, 1946; otherwise the executives of these mills, who are responsible to the stockholders, cannot conscientiously further recommend that newsprint be produced in preference to other grades." It further agreed to gather together cost information and meet again on October 23d to lay this on the O.P.A. Creighton Stanwood was at this time the Company's member on the Advisory Committee, and it was not fooling. As the result of its recommendations, based on actual costs for the last three quarters of 1945, partly estimated, and projected ahead into the first quarter of 1946, the O.P.A., almost apologetically, after consulting with the Canadian Wartime Prices and Trade Board, on December 6th again amended M.P.R. 130, raising the price of newsprint another \$6.00 as of January 1, 1946, making it \$67.00 port, or New York City if

you prefer. The publishers raised little or no objection, but this increase did not satisfy the Company, which in informal discussions with the O.P.A. had been urging an increase of \$9.00. However, let us leave it at this point, and go back to the woods labor ring. There was a lot of action here during the two years we have been discussing, and Great Northern was in the forefront of it, not only because of its distaste for "joining", but, more importantly, because it was the largest newsprint manufacturer, and the only one heavily dependent upon Canadian labor. What we will write, then, is all pertinent to the Great Northern story. We will try to cover most of the angles, although it will be necessary to leave out a lot of detail.

We left this part of our story on January 1, 1944, with the Company and the northeast segment of the pulp and paper industry in general up in arms over the refusal of Canada to allow woods labor which could not be used in that country to work in the pulp-wood and lumbering operations in the United States, except in limited and inadequate numbers -- 3500 men of non-military age and non-farmers; less than half the pre-war figure -- in spite of the efforts of the individual companies and the various organizations representing them, the American Newspaper Publishers' Association, the War Manpower Commission, the War Production Board, several U.S. senators and other Congressmen, the Boren Committee and the United States Department of State. The Company had up to this time pretty much worked through channels, and had tried to be reasonably polite, but it was running out of patience as well as wood.

The Northeast Pulp Producers' Committee had just contacted

Sheldon Wardwell, urging him to turn on the heat through Congressional connections to get the War Manpower Commission beefed up to negotiate with Canada at high level, stating that the situation had gone beyond the point where the Committee had any effectiveness. On January 3, 1944, he wired Senator Brewster:

" I AM ADVISED WAR MANPOWER COMMISSION WILL CONFER SHORTLY WITH CANADA CONFINING NEGOTIATIONS TO REPLACEMENTS ONLY THIS A RELATIVELY MINOR ISSUE WE NEED MEN PERIOD."

The telegram went on to say in effect that the W.P.B. had tried to be helpful, but had been stymied by the W.M.C., and that the time had come to throw the whole weight of the Congressional delegation from the northeast on the latter. His letter of the same date, confirming the telegram, ended:

"Your diagnosis has been right from the beginning, and the industry - including the writer - has been weak and vacillating."

(On December 20, 1943, the Senator had written "I wish to repeat again to you that I can see no real increase in Canadian allocations over and above the present agreement until the industry asks for and gets a Congressional Committee to go to Ottawa for the express purpose of taking the matter up with MacKenzie King and the Secretary of Labor and all concerned. This recommendation, as you will recall, I have been making for some two years now.") W.L. MacKenzie King was Canada's Prime Minister.

On the same day, Sheldon Wardwell wrote to Rep. Robert Hale, of Maine, suggesting, as he had to Senator Brewster, that the New England Congressional delegation start putting pressure on the

War Manpower Commission and on the State Department to get tough; but being informed almost immediately by some unidentified source that the delegation the W.M.C. was preparing to send to Ottawa the second week in January was high-level, he back-pedalled, asking Senator Brewster to hold his fire until the results of the conference were known, saying that the main difficulty now seemed to be that the Canadian Ministry of Labor, having said that there were no men available, had to save face, and that "if we bust out, negotiations may be harmed." He was too late. In the intervening 24 hours, Senator Brewster and Senator White, of Maine, had laid the matter directly before Cordell Hull, Secretary of State, asking him to contact the Canadian Ambassador, to pave the way for the W.M.C. delegation, and to have the U.S. Ambassador at Ottawa ready to assist.

The only fruit of this conference was permission from the Canadian Government to allow recruitment of replacements for men who had left and not returned, which was what Sheldon Wardwell was afraid of. Moreover, the manner in which it was announced produced utter confusion. Senator Brewster thought it meant one thing, the W.M.C. gave Sheldon Wardwell a different impression, which brought on a little rhubarb between him and the Senator, to whom he wound up apologizing all over the place. Some border points were not given any new instructions, and to make matters worse, the rumor, unfounded, got around as usual that the quota would be raised from 3500 to 4200 men. Actually, the writer has not been able to make out what the agreement really was, but as far as he can determine, what happened was that a temporary increase of 200 was made in the quota, raising it to 3700 men until

April 15, 1944, in lieu of open-ended replacement.

On January 24th, Senator Brewster introduced into the Senate, and Rep. Philbin of Massachusetts into the House, bills which would have allowed U.S. draft boards to exempt certain agricultural and woods workers. On January 26th, the Boren Committee began hearings on the situation. On February 1st, the Boston Herald came out with a blast at Canada for the conditions along the Quebec border, which was a compendium of what we have written about them. This was circulated in the A.N.P.A. bulletin, and Rep. Foster Stearns of New Hampshire read it into the Congressional Record of February 4th. It was re-printed in the Toronto Globe & Mail, which on February 5th defended the position of the United States industry, in part thusly:

"Tuesday last this newspaper published a story written by a staff correspondent of the Boston Herald reporting that 'hundreds of able-bodied young men (were seen) loafing in the streets, in garages and stores' of the Quebec towns adjacent to the Maine woods where a critical shortage of manpower **exists**. The story pointed out that, while these men had been rejected for military service, they are prevented by Government restrictions from taking work in the Maine woods.

Yesterday on this page Mr. W.A. Delehey, Manager of the Ontario Forest Industries Association, gave figures to offset the impression that Canada had any idle men to spare for woods work.....with unwarranted optimism he supposed that if there were men available....National Selective Service would have sent them to Canadian camps.

If N.S.S. had shown efficiency in the control and placement of manpower the story by the Boston newspaperman, which undoubtedly has a factual basis, would not have men idle by hundreds....But there is more to it than the alleged idleness of men or the severity of the Canadian regulations.

.....The Boston Herald story...has been....carried into virtually every newspaper office in the 48 States. With it was printed the very lame and ineffectual reply credited to a 'Labor Department spokesman'....But the American people, having accepted conscription for service anywhere in the world cannot be expected to understand or make allowances for the weaknesses and bungling of our manpower policy.

They know a few simple facts: That 'surpluses' of manpower have been found along their border; that because of some technicality their ally won't allow these men to cross the border and aid them. They cannot be expected to accept such conditions as purely local when they know that we have between 65,000 and 80,000 men conscripted out of jobs into idleness and whom the Government refuses to send abroad to fight alongside their men. They know they are being rationed by Canada on newsprint....

What must they conclude but that ours is a half-hearted effort? Worse, that unwilling to go as far as they have in fighting the war, we are playing dog-in-the-manager with the manpower we have at hand. How does one counter or explain away such impressions?....."

This was politically motivated, having to do with certain aspects of conscription and military service as it applied to the Province of Quebec. We quote it for reference a little later when we try to analyze the reasons for the Canadian position, not in belittlement of Canada's magnificent war effort.

Sheldon Wardwell reviewed all the foregoing in a letter to Senator Brewster on February 7, 1944, in which he stated that the plans of the W.P.B. outlined to the Boren Committee diverted pulp from northeastern news mills to containerboard mills, and did not allow them to meet the requirements of their customers even at the officially limited rate of use, and that the difference was being supplied by Canadian mills, causing concern that loss of contract tonnage might be permanent, saying further:

"....new Canadian permits (for woods labor) are due to be granted about April 1. If we can't have a reasonable supply of men for the spring drive and summer cutting, the pulp mills in Maine are going to have mighty tough sledding. I am guessing that they will be down to four days' operation by summer....You can imagine the effect of this on mill labor."

In a later letter, he took pains to point out that the Company had not instigated the Herald investigation, and to the best of the writer's knowledge it had nothing to do with it, although it had made no secret of the situation. The article, and the statements made by the mayors of the Quebec border towns were the subject of a flat point-by-point contradiction in a speech by Canada's Minister of Labor to the House of Commons on February 7th, reported in the press, and as a result of this Herald man,

Arthur Stratton, went back to the area to confirm his findings, telling William Hilton on February 9th that he had found no reason to change his mind, but Canada was still sticking to its policy of exporting newsprint, not men. On February 10th, Senator Brewster telegraphed Sheldon Wardwell:

"HAVE WIRED THE INDUSTRY AS FOLLOWS STATE DEPARTMENT TODAY ADVISES NOTICE FROM CANADIAN GOVERNMENT THAT WAR CABINET DEFINITELY REFUSES TO INCREASE WOODS LABOR ALLOCATION ABOVE PRESENT THIRTY FIVE HUNDRED ALL HERE STUDYING AS TO WHAT NEXT MOVE IS TO BE."

Sheldon Wardwell replied that he did not know what to do. However, in a desperation move, he explained the situation to and invoked the aid of Joseph B. Fastman, Director of the Office of Defense Transportation, an agency heretofore not called into action, explaining that if labor could be had to cut on the North and West Branches it would greatly help to ease the transportation problem in Maine, as all this wood was river driven, while from any other source it had to be delivered by rail. Joseph Fastman, an old friend, did get in touch with Senator Brewster, the W.M.C. and others about it. He died shortly after this, and his successor followed up, but this effort probably did little to affect the situation.

It will be noted that this was all high-level stuff, as far as the Company was concerned. It was not left to someone down the line. Throughout this account, we have given a great deal of prominence to Sheldon Wardwell. He and Tom Allen were the workhorses in these quasi-legal proceedings, but everything

they did was in consultation with William Hilton, William O. McKay and William A. Whitcomb, with the last pretty much making the determinations, and keeping the Directors informed. Creighton Stanwood, Frank Pearson, Frank Keenan and the writer were also constantly involved in one aspect or another of the wood and labor problem.

On February 18, 1944 Sheldon Wardwell wrote to Senator Brewster:

"Have talked with Mr. Hilton on the telephone. They would be very glad to help Mr. Haven Sawyer in any way possible.

I have from several sources an opinion that the Canadian authorities are getting worried over their action. The opposition party is showing an interest and I think the Canadian manufacturers are getting an earful from some of their customers. They are certainly not enjoying the publicity, and I feel that your suggestion would very likely bring about a complete reversal of their policy."

This letter was occasioned by a telegram of the same date from Senator Brewster, in which he said, in part: "TRUMAN COMMITTEE SENDS MR. SAWYER TO CHECK ON AVAILABILITY IN ORDER TO SUSTAIN OUR CONTENTION" and asked that the Company give Mr. Sawyer a guide, transportation, copies of the petitions from the mayors, and arrange interviews with people in other Maine companies. The pot was beginning to boil over. The Montreal Daily Star of February 15th had come to the defense of the Minister of

Labor's statement, saying: "Perhaps, in the circumstances, the Boston Herald would now like to send another reporter to Quebec to report the truth." Upon which the Herald had invited the Star to send its own reporter to make his own observations, but in an article published on February 26 it quoted the Star as replying that such an effort to substantiate the facts reported in the Herald would be "undesirable from the standpoint of Canadian-American relations."

On March 4th, the Truman Committee, as reported in the Boston Sunday Post of March 5th, issued a statement which among other things said that surveys had found 2500 or more men available in Canada for work in the woods in the northeast, and mentioned the statements made by the Quebec border town mayors, with which it said the Canadian Government did not agree. It would appear that Haven Sawyer had given at least preliminary findings to the Committee at this time. Anyway, as reported in the Boston Globe of March 15th, his investigation was discovered by the Canadian Government, which lodged a protest with the U.S. State Department, which lodged a protest with Senator Truman, who said that one of the committee members (Sen. Brewster was a member) had borrowed a committee investigator to make an inquiry for a group of New England congressmen from both Houses; that upon being advised of the Canadian complaint he had been immediately recalled, and that he considered the matter closed; but that while the investigation was not made for his Committee, it did throw some light on the manpower situation into which it had been inquiring. It is this last comment that leads us to conclude that, officially or not, the Truman Committee had received the information from

this investigator. Credibility gaps are no new thing.

We do not know all that was going on or had been going on in various places. It was not known at this time, but developed later, that as early as January the W.P.B. had made a confidential report to the State Department. This was not made public, but naturally enough of it leaked to indicate that it backed up Great Northern's position 100 percent. Cranston Williams and his A.N.P.A. were busy; Senator Brewster continued to needle the government agencies involved, and the New York Daily Mail sent a representative to the border to make an investigation, his report being turned over to the A.N.P.A. William Hilton wrote William A. Whitcomb on March 22d that the National Selective Service agent at Thetford Mines, who was friendly, had told him that, at some risk to his job, he had had his own investigation made in the border towns, and that perhaps as many as 7,000 men might be allowed in the new quota. He was a dreamer. But anyway, at this same time word came out that neither the State Department nor the War Manpower Commission were putting forth any real effort, in spite of all the pressure. William A. Whitcomb was "seeing red", but still insisting that the Company fight its own war, according to a letter that Sheldon Wardwell wrote to Edwin Bechtel on April 8th. He began to swing a little wild, suggesting that a Canadian law firm be engaged to act ostensibly for the U.S. industry, but covertly for Great Northern, which seemed to be the principal reason for Canadian intransigence, but saying that he did not want William A. Whitcomb to know anything about it, as he probably would not like it. Edwin deT. Bechtel said he was sure the President would not like it, and the thought went no further.

Earlier in the year, Frank Pearson, who was a great wheeler-dealer, conceived the idea that it might be possible to get one of the big Canadian wood producers to come over into Maine, bringing labor with him, to conduct a large operation in Northern Aroostook County, or on the North Branch, on the order of that carried on some years before by Edouard Lacroix in the Churchill Lake area, which we will describe in another place. He approached one of the largest producers in Eastern Canada, who said that on account of his large commitments to Canadian mills he was not anxious to go to bat with the Canadian manpower authorities in an effort to get men to take to Maine. However, after thinking it over, he felt that while he could not handle such an operation, the idea had merit, and suggested a man in Montreal who could do such a job. This man, who was already operating in the northern part of Maine for another United States company, was approached, and agreed to give it consideration, but to the best of our knowledge nothing came of it.

If the Truman Committee did not have the results of its non-investigation in March, it did in April, when its full report, which included a memorandum on Haven Sawyer's findings, and was pretty rough on Canada, was submitted to the State Department, which gave a copy to someone in the Division of British Commonwealth Affairs, who showed it to the head of the Canadian Embassy on April 10th. The latter was so incensed that he threatened another formal protest by the Canadian Ministry for External Affairs, but was finally convinced that this would accomplish nothing, as the Truman Committee was not controlled by the State Department. However, Cordell Hull told Senator Brewster that it

would not be in the interest of relations with Canada to allow the Sawyer memo, which the Senator told Sheldon Wardwell on April 27th was "a masterpiece", to be made public, in whole or in part, in view of the fact that a reasonable agreement had been arrived at. This last was news, but apparently some sore spots had been hit, and on April 18th Senator Brewster revealed to Sheldon Wardwell an exchange of telegrams between General Rose of the W.M.C. and H.A. McNamara, the Canadian Deputy Minister of Labor, in which the former suggested a deal for a quota of 3850 men on an open-ended formula, to which the latter tentatively agreed, on the condition that assurance be given that pressure and publicity on the matter would be stopped. This is where the summer allotment wound up -- 3850 men to September 30, 1944, for whom replacements could be recruited when the number working dropped to 3150. Criticised in Canada as too liberal, this did not seem like anywhere near enough, but it was figured out that through quick replacement an average of 3500 men could actually be kept at work; a very substantial improvement, estimated to add 40 percent to pulpwood production in the areas involved, and the Company, together with those working directly with it, decided to abide by the agreement not to put on more heat, and to let it ride at that until the fall quota came up.

We do not know whether or not Senator Brewster's exemption bill passed, but before June, 1944, Selective Service was deferring woodsmen, and the War Manpower Commission added logging to the Production Urgency list, which gave the industry some priority in the offices of the U.S. Employment Service, which was of some help. It had not hurt any that by this time the pulpwood

industry in the northeast had begun to get some meaningful backing from the War Production Board. Curtis L. Hutchins, of the Dead River Company became Chief of the Pulpwood Branch of W.P.B.'s Paper Division, and James L. Madden, of Hollingsworth & Whitney, Deputy Director in Charge of Pulpwood Production. Fred Mears was in the W.P.B. in Washington, and Benton R. Cancell, of the A.P.P.A., a very effective administrator, became Director of W.P.B.'s Forest Products Bureau. There began to be some very interesting revelations about the infighting that had been going on between the War Manpower Commission and the War Production Board, the former emerging as the villain, in the opinion of inside informants, being accused of having done a snow job on the industry, and of having been less than fair with the Great Northern Paper Company in the allocation of available labor, in the face of W.P.B. intercession.

In a long letter to Fred Mears on June 8, 1944, Sheldon Wardwell laid out a lot of this, and said that while the Company would abide by its promise not to stir things up further for the moment, it would make preparations to continue the fight later, and as a first step would try to get some better understanding with the W.M.C. Being careful to explain to Sen. Brewster what he was doing, he then laid the whole history of the case before Sen. David I. Walsh, of Massachusetts, a very powerful figure, and friendly with many of the Company's New England customers. Senator Walsh arranged for Sheldon Wardwell to meet with General Rose, and on August 3d he advised the Senator that he had had a good meeting, which he thought gave him reason to be hopeful. However, Gen. Rose, in a letter dated August 7th, in which he

referred to their meeting, was really not very helpful, passing the buck, in effect, back to the War Production Board. This meeting served a purpose, however, being followed by a lot of correspondence which shows that study indicated that while it could be agreed that there had been some discrimination against the Company, it had not been quite so badly treated in the allocation of the quotas as had been generally supposed, and this sort of changed the tone of things a little.

On August 21st, at the instance of the War Activities Committee of the Pulpwood Consuming Industries, a meeting of industry representatives, the A.N.P.A., the W.P.B., the W.M.C. and other government agencies, was held in Boston to discuss the general wood situation in the northeast and what to do about it. The Company was not represented. Sheldon Wardwell had just returned from vacation and did not know about it. William A. Whitcomb knew, but said that the Company had attended enough meetings. Canadian labor was not discussed, the emphasis being on ways and means to get more wood harvested by the manpower available, and was not particularly productive.

It was now September again, and time for the new fall quota from Canada to be announced. There had been a lot of desultory correspondence with everybody, mostly rehashing old arguments, but as promised, no more pressure. However, the W.M.C. and the W.P.B. now began to prod the Canadian authorities to make a decision and get things moving, but as usual, did not get anywhere, although the border was opened late in September for recruitment of replacements, and men were found to be plentiful. Things began to warm up again, with Senator Bridges of New Hamp-

shire and Reps. McCormick and Martin of Massachusetts getting interested in what was going on, along with the faithful Senator Brewster, and there is more or less confusion in the records as to who was doing what, but along about the middle of October word was received that the new quota would be 4200 woodsmen, plus 400 men to be recruited from workers laid off mostly from the aircraft factories in the Montreal and Quebec City areas, with provision that replacements up to 10 percent could be recruited. Originally, Canada had demanded that all the additional 1100 men (the old quota being 3500, plus 200 in lieu of replacements) would have to be obtained from this source, but as many of them were of doubtful value as woodsmen, Curtis Hutchins, who was in on the negotiations, had been successful in getting the 400 figure established. As Sheldon Wardwell wrote to Sen. Brewster on October 21, 1944: "The curious part of the negotiations was the attempt to fill the whole additional quota with workers from airplane factories. I am very glad that Lieutenant Hutchins was able to hold this down to 400, but it just shows that Canada is not as hard up for manpower as statements during negotiations had indicated."

This time there was no kick on the W.M.C. allocation of men to Great Northern, which Sheldon Wardwell said in congratulatory letters written to most of the New England Congressional delegation on October 31st was very fair. Unfortunately, he had not read the fine print, which said that the 400 men from the Montreal-Quebec City area had to be recruited first. Four companies and contractors, after ten days of canvassing, had found 42 men, of which the Company had 15, none of whom they expected would stay on the

job, if they ever got there. The War Manpower Commission then got the Canadian authorities to agree that 200 of these 400 men could be hired from the Madawaska, N.B. area, 135 of these being assigned to Great Northern, and the rest to Hollingsworth & Whitney. This was a bitter joke. Madawaska was a long, long, way from the North Branch and the Kennebec, a two-day train ride at that time, and while the Madawaska men were good woodsmen, they had no more intention of going there than the Quebec farmers, thirty miles from Great Northern's North Branch operations had of going up the Saguenay or the Gatineau. The result, as nearly as we can determine, was that the Company finally got 70 or 80 men for Aroostook County railroad operations, and after more negotiations the quota became 4660 woodsmen from the border area and 200 from Madawaska, making 4860, plus 200 more if they could be found in the Montreal-Quebec area, a total of 5060, with a limited replacement provision. By this time the season was half over, and much of the benefit of the increase in work force had been lost. Sheldon Wardwell was apoplectic. In a number of letters to various people he castigated H.A. McNamara for his tactics and General Rose for his lack of firmness, and on November 16th, in a letter to Dick Caspar, giving him a run-down on the situation which he could use with his customers, said: "As you know, I am a cross old man, but everyone agrees -- including some Canadians, I understand -- that this has been wretchedly handled over the last three years. I am sure the Woods Department has done the best they could under the circumstances, and just hope that our Government agencies may take a firm stand at the next conference."

This "slick deal", as the Boston Herald called it on December 1, 1944 in an article chiding the Canadian authorities for not acting in good faith in trying to work the Montreal caper. The A.N.P.A., in its Bulletin No. 95 of December 8th complimented the Canadian newsprint industry on its performance, but reported that a resolution had been passed urging the Department of State to again present the need of still more manpower for the northeast to the Canadian Government. A delegation from the northeast industry met again with the War Manpower Commission in Boston on December 20th, with General Rose present, in an effort to get them to go after full replacement recruiting, more men, or both, but this was just another rehash, although Frank Pearson reported that at last the W.M.C. was beginning to get some real understanding of what was happening, and it was agreed that all that could be done was to make another effort in the spring of 1945.

The Company's Penobscot mills continued to run on a five-day basis through 1944, about 76 percent of capacity. As we have noted, the production of wood in the 1943-1944 season was only 216,000 cords, and while, with the curtailment in production, inventory as of January 1, 1945 actually rose slightly, to about 332,000 cords, only about 64,000 of this, less than half as much as the year before, was in the piles or in the mill holding grounds. All the rest was up-river or in the woods along the railroad, and the mills remained on five-day operation. Actually, the rate at which the mills ran was determined by the orders received from the customers, who were limited in the amount of paper they might order by L-240. However, the amount of paper available for use under L-240 was pretty much determined by the

wood supply, and it was hard to keep enough wood coming in to even meet the orders received. So the music went round and round. Madison, entirely on purchased wood, was in one way or another able to maintain six-day operation, but at a reduced rate of production.

As the time approached for the 1945 summer quota of Canadian labor to be set, everyone seems to have become reconciled to accepting the existing figure as the best that could be done for the summer months. During January and February the matter was tossed back and forth between all the parties and all the agencies on the U.S. side. Cranston Williams, for the A.N.P.A. tackled the State Department again, but on January 23d was advised that it was in agreement with the W.P.B. and the W.M.C. that "it would not be desirable to reopen the question at present and that an attempt to do so might prejudice later efforts". This seemed to reflect the general feeling, except that it was the opinion that an attempt should be made to get permission for open recruiting, so as to be able to keep the number of men working up to strength, and this was the thought expressed by Sheldon Wardwell to Senator Brewster in a letter on February 21, 1945. On the same day the writer prepared a report on the wood situation at the Penobscot mills, which ended:

"We are faced with a most serious delivery problem right through the coming year, and it is obvious that even if we get hauled and delivered all the wood cut.... we will be faced with the same difficulty next winter of having insufficient wood to pile and of having to deliver and bark a very large amount of rough wood

during the winter season....In other words, hand-to-mouth operation, winter production depending upon deliveries of wood and trouble-free operation of barking equipment. The only means of alleviating this condition in the coming year is the cutting of large amounts of peeled wood, which does not seem possible. Furthermore, we will have the same situation indefinitely until a large cut of North Branch and Northern Aroostook wood can be made which can be delivered to the mills for summer barking, to allow us to make full piles and leave some wood in the water to start spring operations..."

With the Canadian labor problem pushed to the back burner, the other large Maine manufacturers, St. Croix, Hollingsworth & Whitney and Maine Seaboard had been placing emphasis on getting more Canadian pulpwood, upon which they depended to a far greater extent than Great Northern. St. Croix in particular was in a desperate situation; so bad that later in the year it hired Frank Pearson away from the Company to get them out of it; but while Great Northern had also been working on purchased wood, and we will go into this briefly a little later, it refused to join in making any issue of it which might complicate the labor mess, because the two were beginning to become entangled. It confined itself to keeping the W.P.B. and the W.M.C. informed about the labor situation, putting on no great pressure anywhere. On April 19th, Jim Madden advised that the summer quota was favorable, and had been arrived at with little trouble; 5,060 men until October 31st., the same as it had been, but with provision for continuous recruiting to keep the work force up to strength,

subject only to going easy on this during the farm harvest season. Sheldon Wardwell wrote to Cranston Williams on April 20th, advising that while there might be some strings he did not know about, "just wanted you to know that I am feeling better than for the past three years, and that we all believe that your interest and assistance has been very helpful", and there is little doubt that it had. He wrote about the same thing to Senator Brewster on the same date. There was some effort on the part of the Canadian authorities to require replacement recruiting to be in the Montreal area again. This was quickly squashed, in view of past experience, but in May, in spite of the fact that the fighting had just ended in Europe, they were still putting difficulties in the way of recruiting -- refusing exit permits to men of military age, opening the border offices only one day a week, and so on. Senator Brewster, advised of this, wrote on May 21st: "It seems passing strange that so many hazards arise in connection with this project -- no one seems to know what Canada has in mind now that the European war has come to an end." However, these difficulties had largely been ironed out, through the efforts of the War Manpower Commission, by the middle of June.

To close the year 1945, the fall and winter quota was established in September, with very little fuss, at 6000 men, with recruiting and replacement procedures back to normal. This number was still considerably short of the pre-war figure, but with recruiting sharpened up and better use being made of available labor, it was somewhat more productive. The War Manpower Commission was dissolved shortly after this, and its functions in the area we have been discussing were taken over by the United

States Employment Service. By one means and another, the Company obtained a total of 379,000 cords of wood in the 1944-1945 season, at a cost of between \$25.00 and \$26.00 a cord, delivered, and as of January 1, 1946, inventory was up only a little; 371,000 cords, or just about a year's supply, again almost all undelivered, but the tide had turned, and while the rebuilding of inventory remained to be accomplished, the immediate cause of the wood shortage, the refusal of Canada to supply normal amounts of labor, at a time when it could not be replaced, had been removed, at least partly and for the time being. The problem never really went away, persisting to this day, but in an entirely different context.

We may have given entirely too much space to all this about Canadian labor, but it resulted in conditions which absorbed much of the time and energy of the Company's management during the war years, and it is all true. None of the names have been changed to protect anybody. The attitude of Canada toward the plight of an ally in one small segment of its economy may seem incredible, but that's the way it was. Another incredible thing is that nowhere in the mass of information available is there any indication that anybody on the U.S. side really understood what it was all about until late in the game. If they did, it does not show. Even the Canadian authorities, at least publicly, simply stuck throughout to the excuse that there were no men to spare. Perhaps the writer does not know what it was all about either, but it seems to him that basically the problem was a product of Canadian politics, and not of ill-will toward the United States. They were just caught in a position from which there was no way that they could gracefully retreat. There is no question that somewhere

between 3000 and 5000 experienced woodsmen sat out the war in the Eastern Townships, thirty or forty miles from what should have been Great Northern's most productive operations, doing no good to anybody, and the clues to why this happened are contained in the Toronto Globe and Mail article, which we have quoted, and in an article published in the Vancouver Province of August 23, 1944, discussing an analysis of the proportional contribution by provinces to the armed forces of Canada, and quoted in part:

"Nova Scotia has the place of honor, with an enlistment of 56,127 of its 123,000 males of military age, a percentage of 48.6. The other provinces follow in this order of percentages: British Columbia 44.4, New Brunswick 43.6, Manitoba 43.5, Ontario 43.3, Alberta 40.1, Saskatchewan 38.9, Prince Edward Island 38.4.

And Quebec, after five years of war, undeniably in a class by itself, comes far behind in the procession, with a total of 154,503 of its 699,000 men of military age enlisted in the military forces of Canada, a percentage of 22.1"

Quebec men did not enlist in great numbers, and while they did not greatly object to conscription as such, they were opposed to it for overseas service, as pointed out in "The Canadian Letter" Vol. II No. 6 of May 5, 1945, and this is what the Toronto Globe & Mail meant by "men conscripted into idleness" -- home duty. It is not hard, given the above facts, the Canadian parliamentary system and the knowledge that the head of the Wartime Prices and Trade Board was then and in political life continued to be anti-American, to see that the incumbent Government could have lacked

the political courage to allow any large number of Quebecois to leave the country and earn high wages in the United States. The feeling expressed in the epigram variously worded and still used, to the effect that "Canadians shall not become hewers of wood and drawers of water for foreign interests" may have been there, and it is possible that in the early stages the Canadian newsprint industry used some muscle in the hope of putting that thorn in the flesh, Great Northern, out of business, but the writer feels that the effective cause was as he has stated it. However, the Bretton Woods agreement had called for the sharing of resources in the war effort; there were joint committees to effect this agreement, and it is possible that had men instead of boys been sent to Ottawa early something might have been done. As William Hilton wrote on April 11, 1943: "Senator Brewster hit the nail on the head when he recently recommended to Mr. McNutt that he send somebody to Canada who was big enough to deal with the men up there." As it was, the "men up there" just dug in their heels, and little was accomplished until Canada began to have unemployment, to which work in the United States provided a partial answer. In the meantime, everybody had gone through a lot of grief.

Now having disposed for the time being of what our friends did for us, let us turn to our enemies, and as the Company's employment of prisoners of war in its woods operations took place during the period we have just been discussing, and had political beginnings, we will tell about it here.

By the summer of 1943, there were in the United States a considerable number of P.O.W.'s, taken in the North African campaign, a large number of them Italians, and under the Geneva

Convention, they could be employed in a number of occupations, including woods work. As early as June of that year, with the shortage of labor which we have described, and at about the same time as men were being sought in Newfoundland, the question of the use of P.O.W.'s, Italians specifically, was brought up, but none could be obtained for Maine, although they were already being employed in other areas. However, the paper companies in the northeast continued to needle the War Manpower Commission, and by September, application forms for prisoner labor were made available, and Great Northern filed for 250 men. Late in that month, Frank Pearson and the writer visited the office of the Provost Marshall, First Service Command, in Boston, and were given general information about the terms and conditions under which prisoners might work, but were told that maintenance was so much cheaper in the South that it was not likely that there would be any allocation of men to the northeast.

However, Senator Brewster went to work on the matter, and on January 25, 1944, representatives of the War Manpower Commission and the Provost Marshall's department were haled before the Boren Committee, to which they explained rather vaguely that some consideration had been given to making an allocation to the northeast, but that the matter had been shelved awaiting the results of negotiations with Canada. The Company continued to press the point with the W.M.C. and the First Service Command; reports of Senator Brewster's efforts in the same direction appeared in the Boston papers, and by February there were indications that they might loosen up with some men for Great Northern at least during the summer months. Apparently some had already been

assigned to nearby areas, as Sheldon Wardwell was not particularly enthusiastic about the proposition, writing to Edwin Bechtel: "Others who have tried prisoner labor are not having good results. Companies have to furnish men to cart them around, etc., and these employees could cut as much wood as all the prisoners."

In these places, men were apparently drawn from a large compound, to which they were returned at night, which was not very efficient. The Company wanted a camp of its own, and in February Roy Weldon and the writer met several times with the First Service Command, reaching an agreement that if men were made available a branch camp could be established. The Seboomook Farm was tentatively approved as a location, and work was started on plans for the alterations necessary to meet the Army's requirements.

On March 8, 1944 Senator Brewster wired Sheldon Wardwell that 2,500 German P.O.W.'s had been allocated for logging operations in Maine; that they would be based at the airports at Bangor and Houlton; that side or work camps could be established, and that details were being worked out for presentation to contracting woods operators. Things then moved very quickly.

On April 3d, the First Service Command notified the writer that 250 P.O.W.'s had been allotted to the Company, and that construction of the camp facilities, in accordance with the discussions held earlier, could proceed, and on April 14th a contract for this construction was made with T.W. Cunningham, Inc., of Bangor. This did not spell out the scope of the job, which was to be completed in six weeks, except by reference to Company drawings, but the writer knows about what was done. The upper barn, a fine big

white-painted Hardy Ferguson-designed building, 46 ft. wide and 117 feet long, was made into barracks for the prisoners, with electric lights and stoves for heat, and was surrounded by a wire stockade. Temporary buildings were put up to serve as barracks for the guard detail, and the nearby office and store, which had sleeping space for ten men and work space for six was used as the headquarters building and officers' country. Washrooms and sanitary facilities were of course provided for both the prisoner and guard barracks. A "Right of Entry" permit, signed on April 26th, allowed the Army to inspect the job and move in equipment which it was to provide, and the work was completed about the middle of June, under the direction of Roy Weldon, at a cost of about \$45,000.

There was a lot of detail connected with the contract under which the Army agreed to provide P.O.W. labor on a man-hour basis from this camp. Most of this was handled by the writer, and it was signed on May 20th, seven supplements having to do with one thing or another being added at different times. On May 26th the Seboomook Farm and the improvements made thereto were leased to the Army for one dollar. These agreements, which were naturally complicated, put the Army somewhat in the position of running a contractor's camp cutting wood for the Company, although the latter was referred to as the contractor, and we will note only one provision, which was that Great Northern would furnish transportation between the camp and the operations, and for this purpose six second-hand buses were purchased in the Boston area and driven to Seboomook.

The prisoners, if the writer remembers correctly, arrived late in May, before the camp was entirely completed, and were put

to work immediately. They were all from Rommel's Afrika Korps, about half Germans and half Czechs. The two groups did not get along too well, and while they had to live together in barracks, they were kept separated as much as possible while in the woods, where they worked in small crews, under guard, in areas in Seboomook Township and around Lobster Lake, as we recall, completely separated, of course, from any civilian operations. A very few of them had some experience that qualified them for woods work, but there were all kinds, including musicians and scientists. A curious thing about them was that while most of them were tank men, not one would admit that he knew anything about machinery, or even that he could drive a car.

By and large, they were a pretty good bunch of men, but they were not very good pulp cutters. Their production, when they first started work, was about .30 cords, rough, per man day. The best they ever got up to was between .60 and .70 cords, and that, William Hilton said, was "tops for all prison camps here in the northeast." It was, however, not more than half of what an ordinary cord cutter could produce. The work schedule was nine hours a day, but this included an hour for lunch, so that it was really eight hours a day, six days a week. The Company provided a supervisor, and paid the Army the prevailing market price for wood cut, out of which the Army paid each prisoner, again from memory, 80 cents a day, the rest going toward maintenance. While it produces a sort of anti-climax, we do not have any official figure for the amount of wood cut. It was estimated that the Company would be fortunate to get 12,000 cords out of this camp, as the chance was not too good, and a regular operation would

never have been conducted there, and cost estimates were set up on that basis, but the best we can do is to say that whatever the actual production may have been, it was very expensive wood.

There was a very little trouble. The regulations originally required that the men work within square or rectangular areas around which wide lanes had been cleared to provide a field of fire for machine guns located at two diagonal corners, but this requirement was waived in July as being impracticable. A small hassle occurred in the same month, when some expert decided that up there where there was all that wood, it should be used for cooking and heating. There were 45 space heaters in this operation, in which the Company had figured to use coal, of which the Army had originally agreed to provide 900 tons. It was calculated that it would take 7300 man days, at a loss of about 3700 cords of production, to keep these stoves supplied with wood, and a demand was made that the Army either supply the coal or 53 more men at its own expense, to cut firewood and tend stoves, these men to be housed in winterized tents. To the best of our recollection, there never were any tents, so the coal must have been forthcoming. The existing water supply, from a well on the premises, which it had been thought would be adequate, was not, and the Army put in a new pump to take water from Seboomook Lake, the Company later agreeing to pay for this and the additional piping. The generator supplied by the Company was also inadequate, and the Army brought in one of its own.

There was one mutiny, late in 1944. The Major in command had gone out for Christmas, and the prisoners, apparently thinking to

take advantage of this, decided one morning to decide that it was too cold to work. They did not reckon on the reaction of the hard-nosed Captain who had been left in charge, who threw a heavier guard around the stockade, and announced that if they didn't work, they didn't eat. By the next morning, they allowed that it was not too cold after all, and that they would go back to work, to which he replied: "The hell you will. You'll go to work first." Which they did. There was one "escape", some time shortly after this, two men getting away from a work detail somehow, but after walking half way to Rockwood and finding nothing but woods, snow and cold, they decided that being a P.O.W. was better than being D.O.A., and came back.

This was the only P.O.W. camp operated exclusively for the Company, which was meticulous in its dealings with the Army and with the prisoners, even going so far as to determine such things as whether they should be covered by Workmen's Compensation or other insurance in case of accident, and came very near to being a model operation. General Rose offered it at least another 200 men, but there were very few locations where there was wood available at which facilities to meet the requirements could be located at any reasonable expense; good foremen could not be spared for such low production per man, and William Hilton refused any expansion of the program. In October however, another contract was made for labor from the large P.O.W. camp at Houlton, small groups, as we recall, being assigned to contractors cutting for the Company in the area. This camp was run by the Government, was full of troublemakers, and was a bad scene, production never getting above one-third of a cord per man day. However, the

Company did get some wood, some part of which was barked with draw-knives, under supplemental contracts. A camp near Princeton, which we believe was under the jurisdiction of the Eastern Pulpwood Company and perhaps another firm, was also full of trouble, and had some escapees, all of whom were captured.

The Seboomook P.O.W. operation ran until about the middle of March, 1946. On November 29, 1945, the Army gave notice that it was the intention to discontinue furnishing labor on or about February 15, 1946, but for some reason, perhaps because that date was in the middle of the hauling season, the contract was extended to March 19th. The Army did not officially relinquish the lease, however, until August 21st, at which time the Company paid the Government some \$1,500 for equipment which it did not remove from the premises.

To close this episode, we note as a fact that after the repatriation of the prisoners following V.E. day, the Company received two or three letters from individual men, and one signed by a group of five, expressing appreciation for the treatment they had received, and asking for help to get back to the United States to cut wood for Great Northern, which of course had to be denied. It is a more curious fact that within a few weeks after the P.O.W.'s had left, the Seboomook upper barn burned to the ground.

Even though the Canadian quota had been raised, the imminent departure of the prisoners of war, who, while not very productive, were getting out some wood, caused a little concern. A rumor in January, 1946 that there was some labor available in West Virginia prompted an inquiry of Cranston Williams, of the A.N.P.A., whose

reply, in part, was:

"As one who knows a little about the South, I would say that it is fantastic to talk about getting labor in West Virginia to go to New England to cut pulpwood."

He was right. The matter was explored a little further with the U.S.E.S., but while some West Virginia labor was placed in jobs out of that state, none of it ever came to Maine.

In September of that year William Hilton reported that he understood that the Canadian Government was making contracts with soldiers from a Polish army stranded in Italy to come to Canada to work on farms for two years, as they could not get their own returned men back into agriculture, and he asked Sheldon Wardwell if there was any way that the Company could get men for woods work from this source. Actually there was some discussion in Washington also about bringing some of these people to the States; there were even application forms for allotments; but there was some kind of hang-up about housing for them, of which Bill Hilton was advised. On November 2d he wrote Sheldon Wardwell:

"Whenever there is a fair business in the State of Maine we are always short of labor and we have always depended upon the Canadians. With so much fuss over Canadian quotas we would be in a terrible position if anything should happen that they would not be allowed to come across the line. If we could just have single men from the Polish Army and put them right into the woods....there would be no housing problem and we certainly could work a bunch of them.

It is....probably something we ought not to go into too fast, but looking back to the time when we had a lot of these Polish men in this country and knowing what kind of men they were it would seem to me that it would work out alright."

He was talking about 600 to 800 men. Sheldon Wardwell took the matter up with a friend in the Congress, and went so far as to file application forms, but none of these men ever got to Maine either.

The Company had always bought a substantial part of its wood supply from independent small producers along the railroads -- "farmers wood", so-called -- although much of it was obtained through dealers who could put together enough production to contract for anywhere from a few hundred to a few thousand cords. With the shortage of labor for the large operations, Great Northern, along with everyone else, made every effort to encourage this type of production, with considerable success. There is not really much to be said about this aspect of the wood supply, but there were a few points of interest, about which, unfortunately, there is not much information, but which we should mention.

Early in 1943, that very bad year, there began a controversy with Canada, much like that on labor; more understandable as to cause, but less easy to follow. The Company had been buying in the New Brunswick market wood area about 25,000 cords a year for quite a number of years, some of which was hauled across the border and shipped via the Bangor & Aroostook. It had not been of great importance previously, but had become so, as at this time it was

the major source of supply for the Madison mill, to which it could be delivered on a C.P.R.-Maine Central haul more cheaply than it could to the Penobscot mills. This figure was the Company's allocated share of a 3,000,000 cord quota set by Canada for export. With the outbreak of the war, Canada had understandably begun to cut this quota, the wood being needed for use in its own mills, and in 1942, it was down to 2,200,000 cords. However, the Company's allotment by the W.P.B. had remained at 25,000 cords.

In March, 1943, the quota was cut again, to 1,550,000 cords for the area east of the Rocky Mountains. This figure was the subject of an agreement between Canada's W.P.T.B. and the W.P.B. Allocation to the various United States companies importing wood was made by the War Production Board without reference to the Canadian authorities, although the figures were communicated to and acknowledged by the Canadian Department of Munitions and Supply after they had been established, and the Company was satisfied with its allotment of 25,427 cords. There had been a brief scare, early in May, when a trade paper account indicated that none of this wood could be used for the manufacture of newsprint, and although little of it was being used for this purpose by Great Northern right at this time, there was a lot of correspondence with Senator Ralph O. Brewster, who now insisted upon being called "Owen", and the matter seems to have cleared up quite quickly. The Madison mill began to use quite a lot of pine and poplar, buying for that mill was stepped up in nearby areas of Maine, and the New Brunswick wood was shifted to the supply for the Millinocket mill, regardless of the increased cost. The Company happily proceeded to make contracts and advances on the

basis of its allocation, but within 30 days of the establishment of the quota, the Canadian Timber Controller, without warning, undoubtedly as the result of bureaucratic reasoning, but as far as those on the receiving end were concerned, out of pure cussedness, notified individual Canadian producers, by Bulletin No. 20, that they could each ship to U.S. customers in 1943 only 80 percent of the amount that they had exported in 1942. This was serious, as due to the prevailing conditions the Company had developed a number of new suppliers, some of whom had exported little or no wood in 1942, had increased contracts with existing suppliers, and this ruling would result in shipments short of the allocation by nearly 50 percent. Customers got word of this change only through their suppliers. William Hilton complained bitterly to the W.P.B., the Canadian Department of Munitions and supply, the Timber Controller and the Boren Committee, but there was no immediate action. On September 20, 1943, he laid out the problem in a letter to Cordell Hull, Secretary of State, saying that there appeared to be a direct violation of an international agreement, and asking for help in getting the quota back on its original basis. This letter was answered on September 25th by Adolf A. Berle, Ass't Secretary of State, who said that he was turning the matter over to the Chairman of the American Section of the Combined Production and Resources Board, who was to take it up with the American member of the Combined Pulp and Paper Committee of the above Board, which was precisely equivalent to putting it in File 13. On September 28th, or thereabouts, a resumé of the whole situation was presented to Thomas Farwell, Chairman of the Pulp & Paper Committee of the W.P.B. in Washington, along with an argument on the

labor problem; and William O. McKay wrote to the Pulpwood Division of the W.P.B., giving them the same information, and pointing out that the Company was making a substantial amount of paper on direct orders from the Government. However, the previous appeals had apparently taken effect, as the Company was advised by the Timber Controller on September 29th that the balance of its 1943 allocation would be allowed to be shipped. So the whole thing was just the usual bureaucratic bungle; or was it?

Up to this time, no ceiling price had been established on export wood, which was bringing somewhat higher prices in Canada than wood for domestic use. Early in January, 1944, the O.P.A. called two meetings of pulpwood consumers, one in Bangor and one in New York, at which it was announced that the Canadian W.P.T.B. had said that if the O.P.A. did not immediately set a satisfactory ceiling price, it would take action. There was general agreement that it would be advisable to have a ceiling price, in view of the scramble for wood which had developed, assuming both governments could agree on it, and provided that Trade Regulation No. 20 regulating exports was cancelled; and the industry jointly suggested prices. Frank Pearson, as the Company's representative, was not happy about this development, as nobody seemed to know exactly what was back of it, and he felt that the Company should oppose the fixing of prices in Canada by the O.P.A. However, as reported in the New York Times of February 3, 1944, the result of these conferences was that Regulation No. 20 was lifted, the O.P.A., by Order MPR 530 set ceiling prices that could be paid for pulpwood to be exported from Quebec, New Brunswick and Nova Scotia, and the W.P.T.B. announced an immediate increase in the

ceiling price for market wood for domestic use.

At this point, things became very confused. It appeared that the O.P.A. had had one put over on it again, and that export prices had been lowered, while domestic prices had been raised above them. A protest which mentioned a roll-back of \$3.00 in the export price was fired off by the Company to the War Production Board, and this was backed up by a flock of telegrams from other importers. However, as nearly as we can determine, it was all another misunderstanding, and things quieted down. Also, while Regulation No. 20 had been cancelled, the overall export quota was reduced again to 1,250,000 cords for 1944. However, there were provisions for supplemental allotments if market wood production increased, and special export provisions for exporters who owned and operated lands in Canada.

This gave Frank Pearson another idea, and in August, 1944, he and the writer obtained from the Directors permission to purchase for \$40,000 a lease on a piece of Crown land near Tracy, N.B. -- as the writer remembers this was about 7,500 acres -- on which there was said to be about 22,000 cords of wood, and put a local lumberman on the payroll to operate it. At this time, in order to find its quota of wood, had opened an office in Fredericton, and was buying not only in its usual areas close to the border, but south at least as far as Sussex and north to the Caraquet Coast, which was as far away as you could get. This raised the question as to whether the Company was "doing business" in New Brunswick, in which case it should be registered in that province, but while Frank Pearson started action in 1945, there appeared to

be no legal definition of what constituted "doing business", and it was left hanging when he resigned on October 15th of that year. In June, 1946, Roy Weldon brought the matter up again, and although the meagre correspondence available does not clearly say so, we believe that the Company did register. The Fred-erickton office was maintained, incidentally, until into the 1960's, under Dean Chase. The Tracy purchase did not work out too well, the operator not being very energetic, and the wood expensive, but it **did** provide some additional cords, and the writer believes that the Company was able to slightly increase its supply of wood from Canada through the crisis period of 1944 and 1945, getting up to as much as 28,000 cords; somewhat more perhaps, including a bit from Quebec. In the course of all this, it acquired a few woodlots in New Brunswick for the same purpose; freehold land which was later sold. The Tracy lease, as we recall, was disposed of in 1947 or 1948. These, as far as we know, were the only land interests, apart perhaps from land or shore rights connected with holding grounds on the St. John River that the old Company ever had outside of the State of Maine.

We have noted the effort by the W.P.B. and other agencies to increase the production of market wood in Maine. In May, 1943, the War Production Committee of the Pulpwood Consuming Industries was organized. We do not know much about this one. Apparently another, the War Activities Committee of the Pulpwood Producing Industries was formed a little later, and in September, 1944, the Company agreed to contribute to this organization on the basis of 5 cents per cord of wood consumed, on a quarterly schedule, to be used in financing the "Victory Pulpwood Campaign" to stimulate production. Although there was an increase

in the amount of wood of this kind produced in the State, William Hilton did not give much credit to the efforts of any organization. In March, 1945, Governor Horace Hildreth called a meeting, at which the War Production Board, representatives of the last above organization and individual consumers were present, the purpose supposedly being to educate the Governor and State authorities on the problems of the industry in the area of wood supply, so that they could be of help if needed -- pretty late in the game for that. William Hilton attended this meeting, which he said in a letter to Sheldon Wardwell on March 21st was "a wash-out". We quote from it to make a point:

"The Governor did not seem to be interested. He read one or two letters from contractors who might have cut 500 cords of wood and then turned the meeting over to Mr. Hutchins and went out.

As far as I can see, nothing was accomplished. The only thing that we could have done was to get into an argument with the advertising men, (this would have been the people carrying on the advertising campaign for the War Activities Committee) which would not have helped any.....They feel that they have cut about all the pulpwood which has been produced in the northeast.....They claim that the great increase in the farm and small lot production is directly due to their advertising, which is not the truth of the matter at all. Men could not be induced to leave home and go into the big camps. therefore, everybody promoted production from small camps and we put on extra pulpwood buyers which caused this big jump in this type of production -- and it was not caused

by advertising. Undoubtedly the advertising.... caused some people through sentimental reasons to go out and cut some wood, but to my mind it has been a minor factor....I suppose if we told them this fact they would think we were not cooperating, therefore, I said nothing and nobody else said anything."

The writer, who carried on the Company's own advertising campaign for wood and labor agrees that it had little if any visible result. The very substantial increase in market wood supply came from just plain hard work, beating the bushes to turn up anyone who could produce some wood, no matter how little.

Ceiling prices were established for market wood in Maine by the O.P.A. (MPR 361) some time in the fall of 1943, and these prices were revised more than once, but we have no information from which to follow the changes. Apparently the prices were sufficiently high to produce wood, but there was a lot of confusion in the regulations, particularly in the area of transportation charges, which the O.P.A. itself admitted. This got the Company into a ridiculous, time-wasting and production-slowng confrontation with the O.P.A., which lasted all through 1944. At the beginning of this year, the ceiling price for rough spruce and fir was \$10.25 per cord "roadside"; \$13.25 delivered to the mill by truck, and the Company had a lot of small contracts on a "delivered" basis. By December, 1943, it had become obvious that a lot of these contractors, mostly people in the 1000 to 1500 cord bracket, could not deliver. They could cut the wood, and get it out to the highway, but they had no trucks to haul it, and could not beg, borrow or steal them. As Frank Pearson told Les

Kewer at this time; "We must devise some means of getting this wood into our mills if we are to keep them running", and after consultation with Louis C. Stearns, the Company put its own trucks to hauling for some contractors for the Madison mill, charging them the actual cost, which figured out to \$2.00 a cord, and paying them the "delivered" price -- \$3.00 over the "roadside" figure. On complaint from some who were not getting this service, this brought a charge in April, 1944, from the O.P.A. of "purchasing pulpwood at over-ceiling prices", the contention being that the contractor who had made an agreement to deliver wood, but could only get it as far as roadside, wound up being paid, in effect \$1.00 more than the roadside ceiling price. The Company immediately ceased hauling. At a meeting with the local O.P.A. officials on May 8th, it developed that the rules made no provision whatever for this situation, and that no matter what the Company did to get this wood delivered, it was wrong. In other words, if it had a contract for wood "delivered", it could not touch it at roadside under any scheme that could be devised, without being in violation of something or other. This meeting resulted in a general investigation, which disclosed that everybody in the State had the same problem, and were all in violation one way or another. The matter dragged on into October, when it appears that the O.P.A. went to court for an injunction against the Company and Hollingsworth & Whitney. Lou Stearns was not worried, saying in his Weekly Letter of October 9, 1944: "It would seem footless to enjoin us against an action which we are not now engaged in and expressly disavow intention of doing"; and as nearly as we can determine, the court

threw out the action. We do not know how the matter was finally resolved; perhaps by re-writing all the "delivered" contracts to "roadside". The wood eventually was delivered, one way or another, but some production by small contractors was lost because of the uncertainty.

We have noted the larger cut of 1944 - 1945, and with more wood available, despite the difficulty in getting it delivered; the new barking equipment of which we have spoken, and excellent water conditions, the Penobscot mills, while continuing to run on a five-day schedule through 1945, were able to squeeze out a few extra days and to improve efficiency, and production for the year was pushed up to 81.5 percent of capacity.

Let us turn our attention now to the third ring, where what we suppose might be called the normal activities of the Company, if anything is normal in wartime, were going on. The Directors, Officers and Executive Committee were the same after the Annual Meeting of 1942 as they had been for the past five years, except that Charles O. Small, of Madison, was officially added to counsel; he had been serving in this capacity for some time; but in July, John Hay Whitney resigned from the Board, having reported for active duty with the U.S. Army Air Force in June. Elected to replace him was Samuel C. Park, Jr. (1903 -), a native of Salt Lake City, Utah, graduated from Yale in 1925, with an M.B.A. from Harvard in 1927; associated with J.P. Morgan & Co. from 1927 to 1934, and with Baker, Watts & Co. of Baltimore in 1935. In 1942, he was a financial assistant to Jock Whitney, and was later a partner in the J.H. Whitney Company, a Trustee of the

United States Trust Company and of the John Hay Whitney Founda-
tion; a director of Parade Publications, New York Airways and a
number of other companies, and a Governor of the New York Hospi-
tal. A relatively young man at this time, he was the first of
the new generation of financial people on the Board of Directors
who were later to change the face of Great Northern entirely.
There was no further change in the Board of Directors until 1946.

Early in 1942, another 27 acres of land was sold to the Town
of Millinocket to further enlarge the airport. The Philadelphia
Ledger, as we believe we have reported, was in financial trouble,
and it was voted to charge off 80 percent of its debt of some
\$54,000. A small debt of the old Bangor Commercial was liquidated
at 50 cents on the dollar. The Company had stopped selling to
this publication in 1940, because of the credit risk. A special
bank account was opened in the Millinocket Trust Company in which
to deposit funds from employees purchasing U.S. Savings Bonds
under a newly-instituted voluntary deduction plan. With more
freight being paid on Canadian wood, the balance carried in the
Royal Bank in Fredericton was increased ten-fold. Interest on
employee stock loans remained at 2 percent.

The position of Secretary to the Board of Directors was
established in 1943, Dick Caspar being the first to hold the post.
This of course was not a full-time job, and was carried on in
addition to his regular duties. Previous to this time, he had
performed the same job as Assistant Clerk, the Clerk, B.L. Seelye,
being located in Millinocket. Coincidental with this change,
Leslie G. Kewer was made Assistant Clerk, so that the Clerk and

his assistant were both located in Maine, and the position of Assistant Clerk no longer carried the responsibility of compiling the minutes of the meetings of the Board of Directors. It was decided, after several months of investigation, to adopt the "last in, first out" (LIFO) method of charging off pulpwood for the purpose of establishing cost and earnings for the year 1942 and thereafter. We are not going to attempt to explain this, or the effect which it had in later years, except in the most simple-minded manner, as it is beyond the scope of our knowledge. Since the cost of wood had been relatively stable for a number of years, the old method of charging wood to the mills at the average cost of the inventory was not much different from "first in", but with rapidly increasing cost, there was an obvious tax advantage in charging out the new, higher cost wood first. It will be recalled that at this time the Company was preparing a protest against the existing newsprint price ceiling, which would be helped by including a higher wood cost, but there was a question as to whether the Internal Revenue Service would accept the change, and the outside auditors had in the first instance suggested keeping, at least temporarily, two sets of accounts, one on the old basis, for tax purposes, and another on LIFO basis for internal cost and stockholders' reports, and presumably for the O.P.A. There was nothing illegal about this. The argument was that the future of tax rates was uncertain, and that any immediate saving might be more than offset later on should pulpwood prices begin to decline. However, this did not seem too probable, and the decision was to go for broke. The part of the inventory which was at the mills was frozen at a

figure of \$12.10 per cord, it being considered impossible to reach any agreement with the Treasury Department on the value of wood in process, and the wood being currently received and used was charged on the LIFO basis. It was not anticipated at this time that it would be necessary to go into the mill inventory, but the very small cuts in the 1943 and 1944 seasons resulted in heavy withdrawals, so that the effect of the adoption of the new system was not as great as hoped for. Replacement of the wood withdrawn from inventory later caused an argument with the I.R.S. which lasted for years, and we will explain this situation as well as we can when we come to it. The change also caused more immediate complications. The misbegotten-looking Annual Report which was still in use for 1942 carried a note by the outside auditors stating that as the result of the adoption of LIFO, earnings after taxes were some \$180,000 less than they would have been under the old system, but that the change had not been approved by the Treasury Department, and that this was holding up an anticipated refund, under the Revenue Act of 1942, of a large part of the "excess profits" tax of \$300,000 paid on 1941 income. The Treasury Department did not accept the Company's use of the LIFO method until 1944, although the books were kept on that basis, and the refund of excess profits taxes, which with interest amounted to about \$205,000, did not materialize until 1945.

Before 1943, rationing of food, gas, fuel and a lot of other things was in effect. The Company, like everybody else, had to have coupons to obtain certain supplies, and under a new amendment to the O.P.A. order, it was necessary in this year to open "ration book accounts" with banks, which transferred coupons

each month to the O.P.A.; the Millinocket Trust Company handling this for the Millinocket and East Millinocket mills and the Great Northern Hotel; the Depositors' Trust Company for the Madison mill, and the Eastern Trust & Banking Company for the Spruce Wood Department, the specific items mentioned at this time being gasoline, processed foods, sugar and coffee, with provision that other things could be added if required.

In May, 1943, the Company purchased, from the Maine Central Railroad, the power rights, estimated to represent about 4,000 h.p., and 600 acres of land at Allagash Falls, in T.15 R.11, for \$25,000. There was no use in sight for this small amount of power, and it was probably bought to prevent it from becoming a nuisance should somebody else acquire it. In the same month, Great Northern purchased the old Mountain View Hotel on Penobscot Avenue in Millinocket where the New England Telephone building was later constructed. This had become a nuisance at that time.

Early in 1944, an account was opened with the Irving Trust Company of New York for the deposit of funds from tax withholding and other payments deducted from payrolls (not including funds for Savings Bond purchases) and some other earmarked moneys. The interest rate on employee stock loans had been reduced to 1 percent at the beginning of 1943, and remained at 1 percent in 1944, and in July of this year, coverage under the Aetna Group Life Insurance policy which had been in effect since 1923 was broadened to take in 107 lower-salaried employees, giving them \$1,000 of life insurance. Up to this time, premiums had been paid entirely by the Company, but at this point the plan became contributory, each employee covered being assessed 60 cents per month per \$1,000 of

coverage, the Company paying the balance. A little later in the year, in connection with the drive for purchased wood which we have described, Spruce Wood Department bank accounts which had been opened in Houlton, Guilford, Ashland, Island Falls and Fort Kent were beefed up, and an account was opened for the same purpose in Madison. This was a bank-account oriented period. In this year the account in the Royal Bank in Fredericton, which had started out with an authorized maximum balance of \$2,000 and was up to \$25,000 in 1944, was increased to \$50,000, and a new account, to carry a maximum balance of \$25,000 was opened with the Banque Nationale in St. Georges Beauce. We are not quite sure of the reason for this one, but it was probably for recruiting expenses, and for the purchase of a little Quebec wood bought along the border further north. The Company had begun to make regular contributions to such organizations as American Red Cross, the U.S.O. and the State and National war funds early in the war -- not large amounts; two or three thousand dollars a year to each. These are the odds and ends of the years 1942 through 1945, and it can be seen that very little was being done that was not the result of wartime conditions.

We have not said anything about the controls on the price of wood pulp of various kinds, which affected the Company to a small degree, and were subject to the normal foul-up. Between July 1940 and April 1942, the O.P.A. relied upon a voluntary agreement with the pulp producers, but this was beginning to fall apart, with the loss of the supply from the Scandinavian mills, and the lack of water transport from the West Coast; and effective April 20, 1942, the O.P.A. issued MPR 114, which we will not go into in detail, but

which covered in one order all grades of wood pulp, the prices established being based on a study of 1940 and 1941 operations, taking into account increased production costs -- wood, labor and so on. An advance bulletin released on April 16th stated that the order did not change the "overall prices" on chemical pulps, because a study by geographic areas showed profits on pulp sales in the South high, on the West Coast not as great, but still high, and in the Lake States and the Northeast "adequate".

Not counting the "pulping stock" produced on the paper machines, the Company was selling a very small amount of sulphite pulp from the Millinocket mill. The only market pulp which it was producing in any quantity, and that was not very great, was the Mitscherlich sulphite from the Madison mill. There were, as we have said, only a few Mitscherlich mills; two in the northeast, as far as we can recall, at this time; Madison and the Dexter Sulphite Company mill in New York State, and this pulp, as we have explained, was all used for special purposes, like the manufacture of glassine and parchment. The price which applied to Dexter and Madison, established by the order, was \$72.00, F.O.B. mill, freight allowed, and in Madison's case, the freight amounted to around \$13.50 a ton, the pulp being not more than 50 percent air dry.

This order was protested immediately, like the next day, by Dexter, and in July its ceiling price was raised to \$72.50, f.o.b. mill. For some reason, this was not made public, and it was not until late in August that Sheldon Wardwell was able to get

a copy of a decision, through a Washington law firm, saying in a letter to William A. Whitcomb: "I have at last succeeded in securing the copy of the opinion in the Dexter case. Repeated efforts at the O.P.A. failed, so I guess it was intended to be a secret." At any rate, it left the Company with a price \$8.00 to \$13.50 a ton below Dexter, depending upon the freight. At this time, the profit on the Madison pulp was only about \$6.00 a ton, with an increase in wood cost coming up which would just about have wiped this out, and William A. Whitcomb said he was not going to give away two cords of wood with every ton of pulp sold. However, preliminary inquiries of the O.P.A. about relief were not encouraging, and the Company did not get around to filing a formal protest until April, 1943, at which time profit had dropped to between \$1.00 and \$2.00 a ton. The protest asked for Dexter's price of \$72.50 f.o.b. mill. This was backed up by a number of letters from customers saying that they had to have this type of pulp, and were willing to pay a higher price. On June 3d, the O.P.A. denied the petition, on the ground that it applied to such a small part of the Company's total operation, but left the door open for a re-examination. Great Northern thereupon advised the O.P.A. that it would prefer not to make the pulp at all, but was continuing to do so only because the W.P.B. was stressing its essentiality. At this time it was learned that a number of State of Maine mills making other market pulps and dissatisfied with their prices were threatening to close down, and the Government established a program of subsidies rather than price increases. However, as regards Mitscherlich, the O.P.A. simply removed the ceiling, and allowed the mill to charge whatever it felt was fair, subject to

review of cost figures, but while the Company put its price up to about \$72.00 f.o.b. mill, which it felt was fair to its customers, wood and other costs went up so fast that by December, 1944 it was losing about \$8.50 a ton. At this point, the O.P.A. decided to include this pulp in the subsidy program, using Reconstruction Finance Corporation money, disbursed through the Defense Supplies Corporation. This was fine, but following the rules of bureaucracy, the Defense Supplies Corporation switched signals on January 1, 1945, requiring that the results of the Company's entire operation, not just the sales of Madison pulp, be taken into account, after one payment had been received, for pulp shipped in December. This killed off the subsidy. By March, 1945, the loss was up to \$11.00 a ton, with the War Production Board calling for shipments of about 600 tons in the second quarter. At this same time, new methods of figuring costs approved by the O.P.A. restored the Madison pulp to the program, and payments, which seem to have allowed for a profit of 6 percent began to be received, and were continued until the end of that year, when sales of this pulp dropped to an inconsequential figure. It is probable that the cost of time spent in making figures and reports, preparing presentations, travelling and arguing ate up most of the subsidy.

Having gone at perhaps too much length into the matter of newsprint price control, we will not attempt any discussion of the problems arising from controls on the prices of the Madison specialty papers. In a way, these were not as complicated, as far as the Company was concerned, as those on newsprint, because Great Northern was a small factor in the specialty field, and while it had to make some protests on its own account on certain grades, it in

general let the larger producers carry the ball, and followed the price ceilings which they were able to obtain, these applying to grades rather than to individual manufacturers. However, we will say that the prices for No. 1 machine grades rose about 30 percent, and those for No. 2 papers about 25 percent in the five years 1941 through 1945, while the margin of profit on both machines dropped materially, No. 2 taking the worst beating.

We have now arrived, as far as this part of our story goes, at the year 1946, which we will consider, as far as possible, all by itself, because it marked the end of an era. What we have called the old Company lasted in its visible form for quite a while longer, but 1946 was the last year of management in the image of Garret Schenck, with the officers to all intents and purposes in control of policy and the Directors acting in an advise and consent capacity. The working management did not cease to initiate action and recommend programs; it was not completely dominated by the Board of Directors -- and policy changed again to some extent later -- but the real power moved from Boston to New York, and after this year, as we have said, the changes which resulted in Great Northern as it became began to occur. There was no instant happening, and we will try to explain as we go along.

We will take up first the developments in newsprint, starting with price, which on January 1, 1946 was at a controlled ceiling of \$67.00 a ton, New York. This was up \$17.00 from the figure at the beginning of the war, but the cost of the wood alone in a ton of news, going into 1946, had increased almost that much, and the rate of earnings, as the year began, was at a very low point.

On March 1, 1946, Edwin deT. Bechtel, as he reported in a letter to William A. Whitcomb, dated March 2d, went alone to Washington for a discussion of the Company's situation with the O.P.A., presenting figures to show the unfairness of using the 1936-1939 basis for allowed profit. He pointed out that no company could long operate on a return as low as that currently being realized, and that if this condition continued it could only lead to more United States companies abandoning the newsprint field, and that it was obvious from the history of the past five years that the American industry was being destroyed. He also noted that Great Northern had always acted on its own, without conferring with other manufacturers, and without any concerted plan.

The O.P.A. people stated that they knew this, and admitted that Great Northern figures had been the most accurate that they had received during the past several years; that a number of United States companies would probably be in the red in 1946; that they were waiting for the recommendations of the Newsprint Advisory Committee, which was to meet the following week, but that no increase in price would be considered before July 1st under any conditions. He reported that the conversation was repeatedly interrupted by telephone calls, and that "he (a Mr. Remley, presiding at the meeting) was not able to give sufficient time to the conference to have any connected idea as to what our case is or our worries are."

Upon inquiry as to what action the Company could take, he was told that the only thing that could be done was to wait for the report of the Advisory Committee. He then wrote: "It seemed to me clear....that he (Remley) and the members of his

division had been instructed to do nothing for the present to give or suggest any definite relief to the manufacturers in the United States."; adding "My exploration of the subject was not satisfactory, and I should like to discuss with you...the question whether...we should not consider filing a protest. Perhaps we ought to do the very thing the O.P.A. would not welcome in order to have our facts seriously considered." Later, it developed that Mr. Remley was head of the Fine Paper Division, filling in for the head of the Newsprint Division, who was threatening at this time to resign; but did not; and was not familiar with the background of the newsprint situation.

Following this meeting, there was some discussion of simply raising the price by \$3.00, and attempt to justify it later if the O.P.A. objected. This procedure was allowed under a 1945 amendment to MPR 130, but it seemed a rather doubtful course, and anyway, the whole thing was confused by uncertainty about the future of the C.P.A., which was then being studied by the Committee on Banking & Currency, in connection with a House bill to extend the Emergency Price Control Act, due to expire on June 30th, to March 31, 1947. Sheldon Wardwell, in a letter to Rep. Robert Hale on April 1st, pointed out some of the faults in O.P.A. performance that he hoped this committee would take into account if this agency was to be continued, to which Robert Hale replied: "I am hopeful that something constructive and even useful can be achieved. However, even in the absence of statutory reform I hope that the views of more tolerant men in the O.P.A. may be allowed to prevail instead of those of the least tolerant..."

The Newsprint Advisory Committee met on April 11th, and made, not a suggestion for a price increase, but the flat recommendation that all price controls on newsprint be suspended. C.B. Stanwood was again the Company's representative on the Committee. The O.P.A. said that it would consider the matter. Following this action, considerable support began to develop, even from a good many publishers, for suspension, and this seems to have shaken up the O.P.A. Edwin Bechtel went on Washington again the middle of June, at which time he got a much better reception than he had before, and practically a promise of some action on price; as he said: "I do think it will be a price 'pulled out of the air' and my only fear is that it will not be sufficient..." In the meantime the Canadian manufacturers had come to life and also demanded an immediate substantial increase, with no immediate result.

The Emergency Price Control Act was extended, but with direction to the O.P.A. to de-control progressively. The new bill was effective July 25th. In the meantime, the Canadian Government, early in July, had re-valued its dollar, which had been at a 10 percent discount, to parity with the United States dollar. This automatically knocked the net return to Canadian newsprint mills back by \$6.80 a ton on the Zone 4 base price, and on July 11th, without ceremony, they had raised their price by this amount, perhaps anticipating the demise of price controls at the end of the month. This price lasted exactly two weeks, when it was wiped out by the new legislation. However, it was now clear, even to the O.P.A., that with Canada supplying the bulk of the newsprint used in the United States, and with markets in Europe

beginning to open up with the end of hostilities, something had to be done about this, and on August 8th it issued SO 174, allowing open billing, pending a new price to be set shortly. But it died hard. The new price, granted by Amendment 13 to MPR 130, issued on August 22d, allowed an increase of \$7.00 a ton, which was to all intents and purposes a 10 percent jump, just offsetting the loss of exchange by the Canadian manufacturers. They did not take advantage of the full \$7.00 at once, but billed at their \$73.80 price from August 8th, the date of SO 174 until August 25th, when they went to \$74.00. Great Northern also raised its price to \$73.80 on August 8th, but let this figure stand.

While this increase was manna to the United States producers, the Canadian mills lost no time in pointing out that it was of no help to them. There now appears in the record for the first time (unless it was the original body, formed when the O.P.A. was new) the "Overall Advisory Committee for the Pulp & Paper Industry", which seems to have been joined by the Boren Committee, and curiously in a way, by the A.N.P.A., in preparing "An Outline Petition for Decontrol of Wood Pulp, Paper and Paper Products". The Company was not represented on this committee, but Sheldon Wardwell on August 27th obtained and sent a copy of the petition to Edwin Bechtel, saying that no action had been taken on it, but probably would be shortly, and that such action would be backed by the Advisory Committees of all branches of the industry. Edwin Bechtel replied, in part:

"It seems to me that the general argument for decontrol should appeal to the advisory committees of the various branches of the paper industry.

My only comment on the statement is that the arguments per se are so given that the petition should be kept strictly in the objective domain. It does not seem to me to be helpful or useful to say that the arguments which favor control....are an absurdity, as stated at the end of the petition. Actually, the whole attempt to regulate prices under the present O.P.A. law is an absurdity, but that argument does not help the oppressed manufacturers. It would be better to pound away at the facts which show the absurdity, without using the word."

We do not know the history of this petition, but on October 2d and 3d, as reported by Royal S. Kellogg of the Newsprint Service Bureau, in his "Newsprint Paper in North America", the Boren Committee held a hearing at which the decline of the United States industry was again in the spotlight, and the thrust of the argument directed at the O.P.A. was that a price high enough to encourage production to meet the demand for newsprint should be established. Under this pressure from all directions, and the mandate of the new law for gradual decontrol, the O.P.A. gave one last gasp, allowing a \$10.00 increase, effective October 14th, making the New York price \$84.00. The industry in general went to this figure immediately. Great Northern waited a month, not putting the \$10.00 increase into effect until November 18th, bringing its price to \$83.80 New York -- 20 cents under the market as the year 1947 began. In the meantime, the O.P.A. had decided to call it a day, and all price controls on newsprint and other paper had been lifted on November 10th. Order L-240 and other W.P.B. production controls were dropped about the same time, but we do not

have an exact date.

Late in the year the Justice Department got into the act with an investigation of monopolistic practices in the newsprint industry. On December 18th an F.B.I. agent went through the files in the Boston office, finding, as he told Sheldon Wardwell, "nothing of importance". A similar search was made of the Sales Department files in New York about the same time, and copies of a few letters having to do with the zoning system were taken. On January 13, 1947, Sheldon Wardwell wrote to Edwin DeT. Bechtel:

"In 1917, when the Department of Justice was investigating the newsprint industry, Mr. Schenck had a conference with someone important in the Department. I know none of the details except that there was a blanket indictment of most of the companies.

Then, as now, the policy of the Company was entirely independent. I think the only danger at present is that the Department, following a not unusual policy, might decide, on inadequate information, to indict everyone in sight and, with nothing to conceal, the policy of giving the facts to whoever is in charge should be considered.

If it then appeared that there was any danger, I believe that some of the important customers would be willing to assist."

We will have a little more on this investigation later.

With more labor, both Canadian and domestic, available, and the wood-buying organization in high gear, Great Northern produced 415,500 cords of pulpwood in the 1945-1946 season, the largest cut

in ten years. The mills went back to six-day operation, the three new machines were speeded up, and newsprint production for the year 1946 was at the rate of 94 percent of capacity. At the year-end, total inventory of wood was up to 445,000 cords, although much of this was still undelivered, and the amount in the piles and mill holding grounds was still far too low, the mills being heavily dependent upon rail and truck receipts throughout the year. The United States industry as a whole was not far behind, at 92 percent of capacity. The Canadian industry jumped up to 97 percent, and consumption of newsprint in the United States in this year was almost 1,000,000 tons more than in 1945.

It had been possible to put substantial increases into effect on the Madison No. 1 grades, mostly the groundwood sheets that had gained popularity during the war, the average selling price of the papers made on this machine in 1946 being about 16 percent higher than that of the year before. Poor old No. 2, however, with all its shortcomings, did not fare so well. In spite of an average increase of some 13 percent in the price of its product, it did little more than break even, while the other machine was making a reasonable profit.

While there was no change in the slate of Directors and officers elected after the 1946 Annual Meeting, F.S. Rollins, who was getting along in age (he died later in the year) resigned in March, the Directors memorializing his "many years of faithful, loyal and helpful service." His place on the Executive Committee was taken by Samuel C. Park, Jr., and in May, Richard G. Croft was elected to fill the vacancy on the Board.

Richard Graham (Dick) Croft (1901 -) was a native of Pittsburg, and a graduate of Princeton in 1924. For the next twelve years he was employed by the brokerage firm of Hayden, Stone & Co. of New York, and from 1937 to 1941 was Executive Secretary to John Hay Whitney. In 1946, he was a partner in the J.H. Whitney Company. We will not attempt to list all his many interests, but among other things he was at this time or later a director of a number of other companies, a Trustee of the American Museum of Natural History, the Pomfret School and the Manhattan School of Music, and like so many Great Northern directors, a Governor of the New York Hospital. A handsome, well-built, quiet-spoken man of great ability, he was to become most important to the Great Northern Paper Company, as we will see.

William A. Whitcomb died on Monday, June 10, 1946. We have simply mentioned as fact the deaths of many people in the course of this story, but the bizarre circumstances surrounding the President's passing have caused so many questions over the years as to how what happened could have happened as to make it seem necessary to tell of it as well as we can. We cannot be completely accurate. Because of the sensationalism of some elements of the press, much that was written about it at the time, and afterwards, is grossly exaggerated, and is unreliable. Some of the reporting, even in the most reputable publications, is distorted and contradictory. No press account that we have read is, from our own knowledge, entirely correct, and from this point intime, the recollections of some of those who were there differ somewhat. Actually, nobody is sure of exactly what took place, but the writer probably knows a much as anyone, and his account of what happened, as far as

it needs to be given here, will be as close as he can get to the truth.

The story begins the previous week, when a polite, scholarly-looking, middle-aged man, wearing a Panama hat and carrying a briefcase, came into the Boston office, gave his name as "Mr. Homans", identified himself as being "from the Treasury Department" and asked for Mr. Whitcomb. The day of this visit is uncertain, and unimportant. It so happened that the President had been out most of the week due to a slight illness, and never came in on Saturday. Upon being told that Mr. Whitcomb would not be in until Monday morning, he said that he would come back then, and left. He did not go beyond the outside office, and was seen only by the girls there. A number of names other than the above, all similar, have been mentioned. We have chosen the one which seems to be best remembered. This also is unimportant. There is a report that there had been a telephone call from a man giving the same name and asking for Mr. Whitcomb, on the previous Saturday, June 1st, but we know nothing about this.

The geography of the Boston office was at this time just as we have previously described it. However, Creighton Stanwood was now in Dick Caspar's office; Sally Whittam, then William A. Whitcomb's secretary, was in the small office at the end of the corridor, and Lester Smith had moved into the corner room previously used by A.P. Lane. William A. Whitcomb's desk stood midway between the two windows on the Franklin Street side, his chair between it and the wall, so that he faced toward the entrance from the corridor. William O. McKay's desk was on the side of his office next to the

President's, beside the connecting door, his chair between it and the wall. The writer's desk was in this same office, against the opposite wall, so that he sat with his back to the Vice-President and the connecting door. We should add that these connecting doors were in the corners next to the corridor, and that only a very small part of any office could be seen from any other. The door between these two particular rooms was hung so that when open, as it almost always was, it lay against the wall in William A. Whitcomb's office almost behind William O. McKay's chair. These details will help in understanding what took place.

On the morning of June 10th, probably between 10:15 and 10:20, "Mr. Homans" appeared again. William A. Whitcomb, who was alone in his office, was told that he was there, and after a few minutes wait the visitor was shown to his door, and went in. At this time there were four girls in the outside office. Sally Whittam, the President's secretary was with Lester Smith, leaving her office vacant. Ashton Gourley was with Fred Dolbeare in his office, William O. McKay and the writer were at their desks, and Frank Keenan was in Creighton Stanwood's office.

The writer did not see the man, but was conscious of someone having passed the connecting door, and automatically glancing over his shoulder saw a straw hat that he did not recognize lying on top of a filing cabinet beside the entrance from the corridor to the President's office, the only part of that room visible from his position, so he knew that someone, probably a stranger, was in there.

For perhaps six or seven minutes there was the sound of

voices from the President's office. No words could be distinguished, and there was no loud talk and no commotion; just ordinary conversation; interrupted by an explosion, sharp but not very loud. The speed with which thoughts can pass through the mind at times like this is incredible. Anyone who has read Ambrose Bierce's "Occurrence at Owl Creek Bridge" will know what the writer means. To him, familiar with firearms since he was five years old, this noise sounded like the discharge of a small-caliber pistol, but the thought was dismissed immediately as preposterous, and it occurred to him that the visitor might be putting on a model demonstration of felling trees with an explosive, or something like that. However, he thought he had better take a look, but as he turned in his chair there were three more reports, followed at once by the tinkling sound of empty cartridge-cases falling on the bare linoleum, and he was then sure that what he had heard were shots. He ran across the room to the connecting door, but just as he got there, it swung shut. Leaving it closed, he went out into the corridor and down to the open door to the President's office. Straight ahead of him was a window, and against the light stood a heavy-set man, side-to, his features blurred by the light which shone through his thin hair and flashed on his glasses. He held a small break-open revolver, which he was reloading from a handful of cartridges. He had apparently kicked the connecting door shut, as he was standing within foot-reach of it, and within a few feet of the body of the President, which had fallen forward to the right of his chair, at the corner of his desk, and was just coming to a stop on the floor.

Now at this point the writer might have made like a hero with a flying tackle or something, but the stranger was a lot bigger than

he was; he had just shot one man; he had a gun at least partly loaded, which could be ready for action in an instant; and there were a lot of people, including half a dozen women, in the office. He figured that if he started anything, somebody else was almost sure to get hurt; that the way to deal with a gun was with another gun; that there was a traffic officer on the street right at the corner of the building; that if he did not raise any alarm the chances were that the man would get by the people in the office before they had time to do anything foolish; would have to go down to the street lobby, the only way out; and that if he could get to this officer quickly they might catch him there. He started back toward the outside office, fast, but not running. All this in a matter of seconds, while everyone else was wondering what had happened. The writer had moved first because he knew there had been shooting when brass hit the floor. The others had only heard the sounds.

In the outside office he met Frank Keenan coming; and said to him in a low voice: "Call the police. Mr. Whitcomb's been hurt". Probably the understatement of the year; not "shot", but "hurt". The iron discipline of the Boston office did not allow of loose remarks based on assumptions, no matter how valid. Frank Keenan stepped into Creighton Stanwood's office, dialed the police emergency number, and putting what the writer had told him and the noise he had heard back to back said: "There's been a shooting at 201 Devonshire Street"; gave the room number, and started back toward the President's office.

The writer, once outside the door, ran to the elevators, catching a car which happened to be on the way up and which

arrived at the top floor almost immediately. He said nothing to the operator about what had happened, feeling that explanations would only cause delay, and the car stopped once on the way down. From the lobby, he ran out the Devonshire Street entrance, less than a hundred feet from where he expected to find the officer, who was not there, nor, when he got to the corner of the building, could he see one at the intersection of Federal Street, a block down. It was about 10:35. They had gone off duty at 10:30, as he found out later. He then went up the Franklin Street side of the building and turned into Arch, where the police often chalked the tires on cars parked in the morning, but there was no officer in sight, and as he came back into the building through the Arch Street door, the men from a prowler car, which the police radio had caught in Haymarket Square, a few blocks away, came in the Devonshire Street entrance. All this did not take more than perhaps five or six minutes.

In the meantime, "Mr. Homans" had picked up his briefcase, put on his hat, stuck his hand, holding the gun, into his coat pocket, gangster-fashion, and simply walked straight out. Thankfully, nobody tried to stop him. As Frank Keenan wrote us in 1971: "I was only 3 to 5 strides from W.A.'s door when he came out and I backed all the way down to Stan's door with the above picture facing me every step of the way -- and he didn't gain a darn inch on me!" He was probably out of the office before anyone else discovered what had happened. Lester Smith ran to the door and shouted after him, bringing at least one witness, who later assisted in identification, out of a neighboring office. However, the man reached the end of the corridor unmolested, went down the stairway, and probably came out of the building as the writer was going around it.

A doctor located close by was called, arriving, as we remember, almost at the same time as the police. He found the President dead, it being his opinion that he had been killed instantly. The stranger had emptied his .32 caliber five-shot revolver. One cartridge had misfired, accounting for the slight pause between the first shot and the last three. It was found on the floor with the ejected shells. There were three wounds on the President's body, and in the judgment of the Medical Examiner, the first had been fatal and death instantaneous. The fourth bullet had gone into a wall.

Word spread rapidly, and there was pandemonium in the office after the writer got back. People from other offices on the floor had come in, more uniformed officers and plain-clothes detectives arrived. Reporters were not far behind, but were not allowed in. Vowing not to leave without a story, which they got, but not until very late in the afternoon, two of them sat on the floor outside the door all day. However, everyone but the staff was shortly cleared out. The police photographers, fingerprint men and what-not did whatever it is they do; the President's body was removed, and the inquiry began in the midst of the confusion of telephoning the family, the mills, other Company offices and some of the Directors.

Formal statements were not taken until later in the day, but a lot of questions began to be asked immediately in an attempt to establish identity and motive. Although the President's office had already been gone over, it was Frank Keenan, in there some time during the late morning to supply some information, who pointed out the evidence that identified "Mr. Homans". The President usually

tidied up his desk before receiving visitors, and it was nearly bare, but on it, all by itself, was a blue-paper backed, legal-looking document, which he knew was nothing of the Company's. On it lay a fountain pen which was not William A. Whitcomb's. What purports to be a facsimile appears in the November issue, year unknown, of a magazine called "Vital Detective Cases", and we quote this in full, for its interest. The writer is reasonably sure of its authenticity, although much of the theatrical story with which it appears is entirely inaccurate. However, he saw and read the original, and this pseudo-legal language and content are as he remembers them, mis-spelling and all.

"ARTICLES OF AGREEMENT made the day of June One Thousand Nine Hundred Forty Six.

Between WILLIAM A. WHITCOMB, His Heirs, Successors, Executors, Administrators and Assigns, who is PRESIDENT of and acting for THE BOARD OF DIRECTORS, THE OFFICERS, THE STOCK HOLDERS, Their Heirs, Successors, Executors, Administrators and Assigns, of THE GREAT NORTHERN PAPER CO, Its SUBSIDIARIES, and all other Holdings. NOW AND HEREWITH shall be known as THE PARTY OF THE FIRST PART, and

GEORGE E. HARDY his Heirs, Executors, Administrators and Assigns, NOW AND HEREWITH shall be known as THE PARTY OF THE SECOND PART.

THE PARTY OF THE FIRST PART AGREES, to Employ THE PARTY OF THE SECOND PART as EXECUTIVE GENERAL MANAGER. IN COMPLETE CHARGE of all Operations, Activities and Holdings, of THE GREAT NORTHERN PAPER CO. its SUBSIDIARIES and all other HOLDINGS.

AND IT FUTHER AGREFS THAT the Party of the First Part will in no way Interfere, Dictate, Censor, or be in Discord with any or all decisions made by THE PARTY OF THE SECOND PART in carrying out his Activities.

AND IT IS FUTHER : AGREED THAT The Party of the second Part shall receive a salary of TWENTY FIVE THOUSAND DOLLARS (\$25,000.00) Annually, Plus Income Taxes, and Expenses.

THE PARTY OF THE SECOND PART AGREES to take complete charge as EXECUTIVE GENERAL MANAGER of any and all Operations, Activities and Holdings, of the Party of the First Part.

BE REMEMBERED THAT this agreement shall be in force as of November First, One Thousand Nine Hundred Forty Five. and held in force for the Natural Life of THE PARTY OF THE SECOND PART.

PRESIDENT

FOR
THE GREAT NORTHERN PAPER CO.
THE PARTY OF THE FIRST PART

THE PARTY OF THE SECOND PART

The police now had a name which appeared to be genuine, and a probable reason for the shooting -- the President's wrath at or ridicule of an attempt by someone with a disturbed mind to try to force him to sign this ridiculous agreement. A reasonable theory was that the man was a disgruntled employee, past or present, or someone who had had dealings with Great Northern. There was no one by that name currently on the payroll, and the mills and other offices were set to work at once to comb the history records for a

past employee. As to people of that name outside the Company who might have had dealings with it, two immediately came to mind; George F. Hardy, the paper mill engineer, who was in his 80's at that time, lived in the middle west and was not considered a suspect; and a George Hardy, connected with the family operating the Hardy Screen Plate Company of Fitchburg, Mass., a former supplier with which the Company had discontinued doing business some time before. The impression was that this man, or someone in the family, had a history of mental illness, and the police turned their attention to him.

The end of the case came as strangely and as violently as its beginning. About 1:00 P.M. the writer answered a call from Bob Hume at Millinocket, who reported that a foreman at East Millinocket, had remembered that at one time his wife's sister had been married to and had long been divorced from a George F. Hardy, who had been in Millinocket a few times, giving a description which in general tallied with that of the man who had been in the office, and his last known place of residence, New Brunswick, N.J. This was a long shot, but the writer telephoned this information to Lt. Fallon of the Boston police, in charge of the investigation, at about 1:30. It is his recollection that the police, feeling that they had a good lead in Fitchburg, were concentrating on that, and were not able to trace the new suspect to an address in Westfield, N.J. until the next day, Tuesday, June 11th., when a call to the police chief there disclosed that he was investigating the suicide of a man by that name, which had occurred the evening before, with a strange twist. The man had left home on Sunday, ostensibly to apply for a job in Athol, Mass; had returned home early Monday

evening, shut himself in his second-floor apartment, and turned on the gas stove. Later in the evening, his wife, who was at work, notified that there was an odor of gas around her apartment, had gone home to investigate, opened the door, flipped the light switch, and the arc set off an explosion that wrecked the apartment, injuring her and a friend who had accompanied her. There was no fire. George Hardy had not been killed in the explosion; he died within the hour of gas poisoning. Boston police, sent to Westfield, found in the apartment paper like that used in the "Agreement"; a mechanical pencil matching the pen left in the Boston office, fingerprints matching prints on the President's desk or on the "Agreement", and other evidence connecting him with the crime, including photographs from which identification was made by some of those who had seen him. The revolver was never found. After a court hearing a short time later, at which members of the Boston office staff testified, a judge made the determination that this man was without doubt the assailant, and the case was closed.

This is what happened. Why it happened is still a mystery. Under the circumstances, there was no in-depth investigation of the life of George E. Hardy, and had there been, it is very doubtful that it would have produced any explanation other than that repeated failure had made him irrational.

George Hardy, about 49 years old, was a loser. He was a machinist by trade, a model-railroad buff, an unsuccessful inventor, reportedly "full of big ideas", always planning some get-rich-quick scheme that did not work, one of which got him a short prison term in 1940 for fraud -- although the writer's information is that he got into this trouble more by taking chances than by criminal intent --

he had moved around from one job to another, working as a tool inspector during the war. Subject to periods of depression and probably paranoid, he was unemployed at the time of which we write. Contrary to rumor, he had never been at any time an employee of the Great Northern Paper Company.

Somewhere along the line he had conceived the idea that he could force an official of some company, at gunpoint, to sign the absurd contract that would make him a success. Clearly, something had gone wrong in his mind. Any man in his senses would have been aware that an agreement obtained by threat would have been worthless, and that actually shooting anyone would defeat his purpose, apart from any other consequences.

Although it was never made public, there was found in his apartment a list of five or six corporations, including Great Northern, which as we recall was not at the top. It was conjectured that these were prospects for his scheme, from which he had selected the Company because he had a little familiarity with it. To the best of the writer's knowledge, there is nothing whatever to indicate that he knew William A. Whitcomb personally, or that there had ever been any previous communication between them. A crank letter had been received a short time before, but these were not uncommon, and nothing was found to connect this one with George Hardy. He would however have known the President's name, and this may have been a factor in his action, if the situation was as postulated.

Whatever William A. Whitcomb may have said or done in that room on that day will never be known, but it was something that

turned off this man's unstable mind and caused him to pull the trigger not once, but five times, in what would seem like an uncontrollable reaction, hard to reconcile with his cool and deliberate behavior immediately thereafter. He was not so calm, however, as to remember to pick up the contract from the desk, and it was the theory that he did away with himself because he discovered that he had left it behind and knew that it would inevitably lead to him.

This account is already too long. We have omitted some details which we do not consider to be of importance and we have deliberately left out all the nonsense that was printed. William O. McKay gave orders that no newspaper or magazine accounts were to be kept in the Company's files, but some people disobeyed, and we have found, in one place or another, much of what was published, without going to the source. The writer himself believes that the background to this tragedy was essentially as he had outlined it above. His statement that it remains a mystery is made only because the evidence is circumstantial.

William O. McKay, who had acting powers, presided at the meeting of the Board held on June 26th, formally reporting the death of the President. The Directors' memorial to William A. Whitcomb is quoted in full:

"RESOLVED: that we, the members of the Board of Directors of the Great Northern Paper Company, profoundly sensible of our loss in the sudden death on June 10, 1946 of Mr. William Arthur Whitcomb, hereby desire to have inscribed upon our records this tribute of our appreciation and respect for his character, his industry and his unfailing loyalty to his friends and associates within the Company.

Mr. Whitcomb came to the Company in 1910 as General Manager, and was elected a Director in January, 1911. He was elected Vice-President in 1912, and succeeded Mr. Garret Schenck, founder of the Company, as President in 1928. By education and experience he was at all times in close touch with the technical aspects of manufacturing, and contributed several important inventions to the art of pulp and paper making.

He was respected as a leader by his associates and employees of the Company. He was a firm believer in Union labor, and during his administration labor relations at all plants were harmonious.

In his death, the Great Northern Paper Company has lost an able and impartial chief executive, the newsprint industry has lost an outstanding figure and his fellow-workers have lost a true and valued friend."

It was at this time that John P. Burke, President of the International Brotherhood of Pulp, Sulphite and Paper Mill Workers, wrote the open letter to the Boston Globe and other newspapers, a small part of which we have quoted previously. In this he said:

"It did not take a National Labor Relations Act to win union recognition and the right to bargain collectively for the workmen in the Great Northern Paper Company's mills. Mr. Whitcomb unhesitatingly granted all those rights to the workers in the mills of the Great Northern Paper Company 35 years ago.

Time and time again I heard Mr. Whitcomb say that to run a business successfully the rights of the workers, the customers and the stockholders all had to be taken into

consideration. Mr. Whitcomb believed the workmen should be paid just as good wages as the company could pay and keep in a sound financial condition, that the customers of the company should be furnished paper at a reasonable price, and that the stockholders were entitled to a moderate return on their investments.

If a man with an anti-labor bias had headed the Great Northern Paper Company, how different might the story be of labor relations in the mills of this company and in the mills of many other companies.

William A. Whitcomb was a man of integrity who believed in the integrity of other men. His influence and his deeds, though never publicized, eased life's burden for thousands of his fellow-men."

William A. Whitcomb, like Garret Schenck, was quite a man.

There was a meeting of the Board in July, at which little business was transacted, and the Company had no President between June 10th and August 14th, when William O. McKay was elected to the office. On August 9th, Sheldon Wardwell had written to Williamson Pell a letter which we quote as typical of Sheldon Wardwell the man:

"Dear Mr. Pell:

You will be glad to know that McKay is feeling much better. The other executives are not only cooperative, as you would expect, but enthusiastic. Teamwork never better. He is insisting that all his associates take a vacation. While agreeing that he cannot take one at the moment, he should be persuaded to have one in the not too distant future.

McKay would give me a swift kick if he knew I had written this but I hope you do not think me too aggressive.

Sincerely yours"

William O. McKay had been in a state of shock following the death of William A. Whitcomb, and did not feel well for quite a while, although he carried on the duties required of him as acting President, and because of this and other factors which will become evident, it is understandable that the Board would take a little time to make its decision. Dick Caspar was designated in August to serve in the case of incapacity of the President, and his salary was raised to \$20,000.

There had been a revision of the By-Laws, which we have not mentioned, in January, 1942. This consisted only of the addition of a section providing for the reimbursement by the Company of any officer or director for expenses which might be incurred by him as the result of any suit brought against him by reason of his holding such office, unless he were found in such action to be liable for negligence or misconduct. While the writer has found no official information, he is quite sure that this change was instigated by William A. Whitcomb as the result of the imposition of war-time controls which of necessity involved some form of concerted action with other members of the industry, which he feared, not only because of the Company's long-time policy, but because one hand of the Government did not seem to know what the other hand was doing, and any such action might bring on anti-trust charges. His outburst at the first Newsprint Advisory Committee meeting with the O.P.A. in March of that year will be

remembered. We mention this here only because at the same time as William O. McKay was elected President, Sheldon Wardwell was appointed Chairman of the Executive Committee, under a section of the By-Laws which provided that other "officers, agents or servants" than those specifically provided for could be appointed. This had been there for 25 years, perhaps longer, but up to this time the Executive Committee had had no official Chairmen. This move, initiated by William O. McKay, was to become important to him later, although he could not have foreseen it at that time.

At this same time, further changes in the way things were going to be done were forecast by the creation from among the Directors of two permanent committees; a Salary and Pension Committee, this first one consisting of Sheldon Wardwell, Fustis Paine and Richard Croft; and a Survey Committee "to make a survey of the possibilities of the Company and report from time to time". The original members were William O. McKay, Benjamin Strong and Samuel C. Park. This committee really did not function in the manner which the writer feels was probably intended, but we will speak of this later.

The vacancies in the Board and the Executive Committee were not filled at this time, but in November, 1946, Creighton Stanwood was elected Vice-President and Manager of Manufacture, his salary being set at \$18,000. Creighton B. (Stan) Stanwood (1898 - 1973) was born in Denver, Colorado, but had come East at an early age; was educated as a Chemical Engineer, at the Massachusetts Institute of Technology, and had been employed in Norwich, Connecticut before coming to the Company in this capacity in 1921. He became Steam

Engineer, attached to the Bureau of Economy, in 1926; succeeded Charles Carrier as Superintendent of the Bureau in 1929, after a year in Acting capacity, and had come to Boston as Assistant Manager of Manufacture in 1936. He was a man of aesthetic tastes and a rather striking appearance, with heavy features, stiff, iron-gray hair which he always parted in the middle, 1920's style, and thick glasses to correct for congenital strabismus. He was a competent administrator, an able and fair-minded negotiator, and although not a particularly inspiring leader, was respected by the management people and the rank-and-file alike. As we have noted, he had been particularly effective during the period of war-time controls just past.

We must here go back in time to note that in 1936, when Creighton Stanwood had been transferred to Boston, he had been succeeded as Superintendent of the Bureau by Charles A. Turner, a young man who had joined the Company in 1929 as an Apprentice, and had become Assistant Superintendent. He was not a particularly good administrator, and Bureau services deteriorated. In 1940 he was set back to the position of Mechanical Engineer in the Bureau organization, and the direction of its affairs was taken over by Roy Weldon, who was given the title Superintendent, Bureau of Tests -- the name had been changed by that time -- along with his other title of Construction Engineer. Charles Turner joined the Navy in 1942, and did not return to the Company. By that time the Bureau had been decimated by the draft and enlistment, the apprentice program was at a standstill, and not much was being done but routine work. However, in 1945 things began to pick up, and in August, Warren F. Daniell, Foreman of the Millinocket ground-

wood mill, was transferred to the Bureau as Assistant Superintendent; was made Superintendent in September of the same year, and began to put the organization back on its feet. There will be more about him later.

In miscellaneous developments of this year 1946 reported to the Directors, the wharf at Norcross, with land for oil tanks and a right-of-way for a spur track, together with the right to use the existing road to the wharf, was purchased from Albert Fowler. The Company had been using this wharf for its boats for a very long time -- perhaps had always used it -- under what terms is not known. Jack Marshall died in June, after his long illness. About 4-1/2 acres of land was donated to the Town of Medway for a playground for the High School. The suggestion was made that a pontoon-equipped or amphibian airplane be bought for the use of the Spruce Wood Department, and Jock Whitney agreed to help in selecting the proper type, but William Hilton did not feel that the expense was warranted, and although purchase was approved, he did not go ahead with it. Incidentally, his salary was raised to \$20,000 at the same time as Creighton Stanwood was elected Vice-President.

It will be recalled that we have mentioned the interest of the Company in holding grounds on the St. John River, and the fact that in 1930 a twenty-year option had been obtained from Edouard Lacroix and his Madawaska Company on a holding ground near Van Buren, actually at Keegan. It would seem that this had been given up before this time, when the matter came up in different shape. Edouard Lacroix owned the Madawaska Company, which had timberlands

in northern Aroostook, driving and holding ground rights on the St. John River, and a sawmill at Keegan. Starting in the middle 1920's, the Company had bought chips from slabs made at this mill, discontinuing these purchases some time in the early 1930's. We believe that the mill was shut down off and on, but during the early part of the war, it was operated by the Madawaska Company on Government orders. In January, 1943, the mill was sold to a Portland-based company, the Van Buren-Madawaska Corporation, with which Edouard Lacroix had no connection. However, the holding ground with its piers and booms, shore rights and a right-of-way to the river were retained by the Madawaska Company, which gave the Van Buren-Madawaska Corporation an easement providing that the latter would keep the facilities in shape, and that the former could continue to use them. Some time in the 1930's, Edouard Lacroix had bought the old Nashwaak sulphite mill in St. John, which we have mentioned previously in connection with Hardy Ferguson. In 1945, being in poor health, he had sold this mill, which he had operated under the name Port Royal, to the K.C. Irving interests, and in 1946 he had made a deal with these same interests for the sale of the other properties of the Madawaska Company, which is how they came to own stock in the Heron Lake Dam Company with Great Northern. This purchase included the rights which the Madawaska Company had reserved in its deed to the Van Buren - Madawaska Corporation. As far as this Keegan operation was concerned, K.C. Irving's interest was in the holding ground, it being his intention at that time to build a new pulp and paper mill on the St. John River somewhere between Van Buren and Grand Falls, N.B. However, there was some legal question as to whether these rights were exclusive, and when the mill came on the market in 1946, at the end

of the war, there were four possible buyers; K.C. Irving, who wanted the property to clear up this point, Great Northern, which wanted the holding ground, and two other parties who wanted the mill. The price was between \$150,000 and \$200,000. We have given this background, as nearly as we can figure it out, to explain a letter from Sheldon Wardwell to William Hilton, dated September 17, 1946, reading in part:

"Re: Van Buren-Madawaska Corp.

Mr. Allen advises that, as Irving has bought the Lacroix interests up river, you have decided not to negotiate for the Van Buren properties..."

Several weeks of study had determined that the title to the holding ground was probably now Irving's, exclusive or not, and that if the Company bought the Van Buren-Madawaska Corporation, it would at best have a sawmill that it did not want, and a holding ground which it would have to maintain and share with Irving and possibly others, under the terms of the sale by the Madawaska Company. This of course was unacceptable, and decided the matter as far as the Company was concerned. The proposed pulp and paper mill, incidentally, was never built.

On September 23d, Sheldon Wardwell wrote the writer the following letter:

"Dear John:

I am wondering if it would not be good policy to erect a pulp mill at Allagash Falls.

Very truly yours"

We have to admit that we cannot put this letter in any context. The Company owned the power rights, which had been bought from the

Maine Central Railroad in 1943, but we have no recollection of any discussion leading to the writing of this letter. It may have tied in with the foregoing in some way, or it may have been connected with the situation about which we will write in the next chapter of our story. We just do not know. We do recall, however, making a study and reporting the conclusion that there was not a sufficient amount of reliable power at that location to support a mill of any size.

Of the small amount of business transacted at the July meeting of the Board of Directors, there was one item which should be noted. This was the announcement by William O. McKay that the clerical employees in the offices and store-rooms at the Penobscot mills and in what was still called the Auditing Department had decided to organize. We are not sure whether official notification of this was received at that time, or whether this announcement was the result of a tip-off or a confirmed rumor. In any event, it was for real, and kind of shook William O. McKay up, not because he had anything against a union, but because it should be felt that there was any need for one.

This development does not necessarily contradict our previous comments about the loyalty and dedication of the "backbone" group of which these people were a part; the state of labor relations in the latter days of the old Company and the concern of the management with the welfare of the employees. At any point in time there can be dissatisfaction one place or another, under the best conditions, and while we do not pretend to know the whole background, there were reasons for unhappiness in this area which had never got

up to the head office. These employees were low on the totem pole; opportunities for advancement were limited; there were undoubtedly what were considered to be unfairnesses in promotion, and the Auditing Department had its own problem in that Bryan Seelye, a tireless worker himself, believed that people were created to work, and was a hard taskmaster. He was not out to win any popularity contests, and paid scant attention to the little things that make a happy ship. Things were kept smoothed down somewhat by Les Kewer, who was well liked, but with attitudes changing, the little injustices rankled. What triggered the move, which started in the Millinocket store-room and spread, was that when the work force began to be built up after the war, because paper work had grown by leaps and bounds, and this was one place where a much larger organization was needed, new people were hired at rates as high as or higher than those paid to employees who had been there for a long time.

The writer has asked why they did not get these things out into the open, instead of jumping into a union without warning, and has been told that they were afraid of William A. Whitcomb; felt that the Boston office was unapproachable; and that the only way they could get anywhere was to back each other up the way the men in the mills did, which meant a union to speak for them. This was probably true, given the people involved, William A. Whitcomb's forbidding front and the fact that he did not have much contact with this group, but the writer does not accept this as the whole reason. Anyway, they had called in an organizer and got a majority of the people signed up, without making any visible effort to correct the situation in any other manner.

The Company made some motions at discouraging the move, but not very actively, William O. McKay saying that the office employees had as much right to join a union as anyone, and that in view of the Company's long history of recognizing union representation it could not in honesty oppose it. Delegates were sent to Boston -- one of them has said that they were "scared to death", but came away almost overcome by the courtesy with which they were received. The Company asked for a consent NLRB election, because there were a number of employees, mostly in the Auditing Department, who were violently opposed to organization, and in October, 1946, Local 192 of what was then the Office Workers' International Union was chartered, and proceeded to negotiate an agreement. William O. McKay, not wanting any labor trouble at the very outset of his administration, was quite generous, and the local got what was really a pretty juicy contract. Even after this, there were some hold-outs who bitterly objected to taking out membership, and the new union, feeling its oats at this point, was unwilling to work out any arrangement that would exclude them, although it did agree not to take in confidential secretaries and the like. These objectors were gradually talked into joining, albeit reluctantly, by Les Kewer, and after the usual period of education on both sides things settled down, and there were no great difficulties except for the special problems inherent in the diverse make-up of the membership and the nature of their duties. There will be a little more later, probably redundant, on this development.

At the end of the year 1946, the mills were running full; timberland holdings had grown to 1,928,000 acres; the Company had \$8,000,000 in the bank and no debt; and we have come to the start of a new ball game.