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The Great Northern Paper Company, Chapter 17: The Old Order Changeth

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C H A P T E R XVII

THE OLD ORDER CHANGETH

We are now about to consider the five years 1947 to 1951, during which, as we have said, the things began to happen which resulted in the metamorphosis of the old Company. During this period there was only minor outward alteration in its nature. It carried on its business as usual, departing little from its long established practices. The working management did not change importantly until the last moment, and the only blood on the floor was that which it sweat in its efforts to do what was expected of it without compromising the principles to which it had adhered for so long.

The Directors elected at the 1947 Annual Meeting were Richard G. Croft, William O. McKay, Fustis Paine, Samuel C. Park, Jr., Williamson Pell, Dudley P. Ranney, Hilbert Schenck, Benjamin Strong and Sheldon Wardwell. However, there were a number of changes during the year. In August, Ben Strong resigned, and was replaced by Frederick K. (Freddie) Trask (1907 -), a native of New Jersey, a graduate of Harvard in 1930 and of the American Institute of Banking in 1932. He had been with the New York Trust Company and later with the Farmers' Deposit National Bank of Pittsburgh in the 1930's, had served in the U.S. Army during World War II, and had in the year 1947 organized the firm of Payson & Trask, the Payson interest being that of Mrs. Joan Whitney Payson, Jock Whitney's sister, later owner of the New York Mets, of which he was a Director. He was also later President of the Society of the

New York Hospital, a Trustee of the United States Trust Company, and a Director of a number of other companies. In September, Dudley Ranney, a member of Sheldon Wardwell's firm, who was a sort of utility director, a Lincolnesque man of great charm, resigned, and his place was taken by Walter G. Dunnington (1891 -) a native of Virginia, a graduate of the University of Virginia, who had served in the U.S. Army during World War I, was a member of the New York law firm of Dunnington, Bartholomew & Miller, and Eustis Paine's counsel. In October, Samuel C. Park resigned, and in his place the Directors elected William Harding Jackson, another lawyer, member of the firm of Carter, Ledyard & Milburn, who had been associated with Jock Whitney while in the service, and was counsel to and later a member of the firm of J.H. Whitney & Co.

After these changes, the membership of the Board of Directors was Richard G. Croft, and William H. Jackson, representing Jock Whitney's interests; Williamson Pell, for the United States Trust Company, with its long connection with the Whitneys and the Company; Frederick K. Trask, representing Mrs. Joan Whitney Payson; Eustis Paine and Walter Dunnington for the Paine interest; Hilbert Schenck representing his family; William O. McKay for the management, and Sheldon Wardwell, for his intimate knowledge of the Company's legal affairs, and who also in a sense represented both management and the Schenck family. The make-up of this Board should be kept in mind as we proceed.

The officers elected for 1947 were William O. McKay, President; William Hilton, Vice-President and Manager Spruce Wood Department; C.B. Stanwood, Vice-President and Manager of Manufacture; A.R. Caspar, Vice-President and Manager of Sales; B.C. Ward,

Treasurer; Sheldon Wardwell, Chairman of the Executive Committee and L.G. Kewer, Assistant Clerk. Bryan L. Seelye of course remained Clerk. The Executive Committee originally consisted of Sheldon Wardwell, William O. McKay, Eustis Paine, Sam Park and Williamson Pell, but William H. Jackson was later appointed to fill the vacancy created by the resignation of Sam Park. The Salary and Pension Committee was unchanged. The same Survey Committee of William O. McKay, Sam Park and Ben Strong was appointed, but the last two resigned as Directors after the middle of the year, and it is our recollection that it was then enlarged to four members, William O. McKay, Richard Croft, Eustis Paine and Frederick Trask.

As of January 1, 1947, William O. McKay's salary was raised to $30,000, which had been the President's remuneration since 1939. In this month the Directors formally approved his decision, which we have noted, to bring the Boston office out into the open and do business legally in Massachusetts. Also as of January 1, 1947 the writer was made Assistant Manager of Manufacture, under circumstances which at the time were a little disturbing to him. He had made no effort to promote himself for the job, but had agreed with Creighton Stanwood, who wanted him badly, that he would take it if it were offered. William O. McKay seems to have had in mind to keep him on his own staff as Assistant to the President, or something, but Creighton Stanwood apparently managed somehow to give the President the mistaken impression that he would rather be Assistant Manager. This injured William O. McKay's pride, and he did not ask the questions he should have, simply telling the writer that he could be Assistant Manager if he wanted to, but that

he would have to continue to help him as well. He was clearly displeased, and this upset the writer, who had no idea what he was displeased about. This strain did not last very long; the writer went about carrying on what were in effect two jobs to the best of his ability; the President was a bit stuffy for a week or two, but got over it, and their good relationship came out undamaged. To this day we do not know exactly why William O. McKay did not make his wishes clear. Our conclusion as given above is derived from bits of information picked up later, and we mention the matter at all only as it bears on another somewhat similar situation. At this same time Frank Keenan was made Assistant Traffic Manager. He too was required to continue to give help to the President.

Fred Dolbeare, the old Purchasing Agent, who was 73 years of age, in failing health and getting more contrary by the minute, was retired on January 2, 1947, and Ash Gourley, who had held the title of Assistant Purchasing Agent since 1942, replaced him. Ashton Flmer Gourley (1907 - 1971), was a native of Melrose, Mass., and had started work with the Company as "Typewriter and Telephone Operator" in the Boston office in 1927, after a short stint with the Firemen's Fund Insurance Company. He was a well built, good-looking man, never too strong, because of an early lung ailment, intelligent and well-versed in the details of his profession, although of rather narrow interests, and a good organizer. We will speak of him again later, as events which we will explain affected his career.

At this point, it seems necessary to explain J.H. Whitney

& Co. as well and as briefly as we can, and this explanation will be at best superficial. John Hay Whitney had a considerable fortune in his own right, and had an organization to help him administer it before the war. While he was in the service, his interests were looked after by this organization, headed by Sam Park. We have said in another place that he came into control of the inheritance from his father when he reached the age of 41. This is from memory of what the writer was told, and may not be correct, but at any rate, he had such control when he came out of the Air Force in 1946.

In the tradition of his father and old Col. Oliver H. Payne, his great-uncle, he considered that people with a great deal of money had an obligation to do good with it, and being an adventurous type, his idea was to go into the financing of risks, investing in the promotion of inventions; in promising new ventures short of money; in established businesses which showed promise, but which for one reason or another could not obtain conventional financing, and in whatever other enterprises he found to be worthy and constructive, including the building up of some of those in which he had an interest. In 1946, to implement his plans, he organized J.H. Whitney & Co., capitalized at $10,000,000, taking in as partners Sam Park, Dick Croft and two others who had no connection with the Great Northern Paper Company. A little later, William H. Jackson came in as managing partner. Highly successful, the firm ten years later was much more conservative, but although at the time of which we write the emphasis was on the placement of venture capital, the sleeping giant of the Maine woods had come under scrutiny to determine whether or not it was a proper vehicle to carry additional investment. As a matter of

fact, it seems to us that Sam Park had done some investigating a little before this. We are quite sure that it was in William A. Whitcomb's time, which of course could have been any time up to the middle of 1946, that he visited the Boston office and made some penetrating inquiries into the affairs of the Company, which the President somewhat resented. Not because he had anything to conceal, but just because he was being questioned. The establishment of the Survey Committee in the fall of 1946, and the changes in the Board in 1947 were immediate results, it having been decided that Great Northern had considerably greater potential than had been realized.

Before getting into such examination as we can make of the effects of the more direct involvement of the Board of Directors in the active management of the Company, let us look at the statistical record for the period under consideration.

YEAR	PRODUCTION TONS	EARNINGS	EARNINGS PER SHARE	DIVIDENDS PER SHARE	NO. SHARES ($25 PAR)
1947	355,815	$4,102,833	$4.11	$2.40	998,330
1948	351,118	4,620,512	4.63	2.80	"
1949	357,703	4,856,631	4.87	2.80	"
1950	373,842	4,319,961	4.33	3.00	"
1951	396,076	4,738,427	4.75	3.00	"

In previous tabulations, we have used figures from a statement prepared by the Controller's Department in 1967, and these agree with published information -- after information began to be published. However, after 1946 there are some discrepancies, and from that year onward we are using figures from the Company's Annual Report.

During the years 1946 to 1950, inclusive, the inventory of pulpwood, depleted during the war, was being restored at a much higher price than that at which it had been pegged with the adoption of LIFO. The excess cost had to go somewhere, and this brought on a fire-fight with the Treasury Department, too involved to go into here. The difference in price of the small amount replaced in 1946, it was ruled, should be charged to Surplus. In 1947, the ruling was changed to allow this cost, which in that year amounted to around $450,000, to be taken out of earnings, but the I.R.S. then reversed itself, and in the following years required that the charge be made to Surplus again, the adjustment in all cases being complicated by being partly offset by actual or anticipated refunds of Federal income taxes, net charges running from about $260,000 in 1948 to $140,000 in 1950. During this period, the Annual Report gives earnings per share both before and after these adjustments, even though they were made in the Surplus account. We have used the figures before adjustment as seeming to best reflect actual earnings from operations under the conditions.

Farnings figures are of course after provision for Federal income taxes as follows:

1947	$2,782,098
1948	2,846,000
1949	2,853,400
1950	2,988,000
1951	7,053,000

In explanation of the murderous tax figure for 1951, operating profit was 50 percent higher than for the previous year, and in addition to the normal provision for income tax there was an

excess profits tax of approximately $1,350,000.

Newsprint consumption and production figures looked like so:

YEAR	U.S. CONSUMPTION	U.S. PRODUCTION	CANADIAN PRODUCTION	CANADIAN EXPORTS TO U.S.
	TONS	TONS	TONS	TONS
1947	4,763,000	833,000	4,820,000	3,897,000
1948	5,243,700	875,000	4,982,000	4,128,000
1949	5,518,700	917,800	5,176,000	4,380,000
1950	5,832,400	1,013,300	5,278,000	4,748,000
1951	5,975,000	1,108,200	5,516,000	4,784,000

While the low point in the United States industry, in terms of tons of paper made, had been reached in 1944, its low in tons made as a percentage of U.S. consumption came in 1949, when only about 16 percent of the newsprint used by the domestic press came from the few remaining United States companies -- at this time, Great Northern, Pejepscot and St. Croix in Maine; Crown Zellerbach, Publishers Paper Co., Inland Empire and West Tacoma on the West Coast and Southland in Texas, as best we can remember. Maine Seaboard had been sold to Time-Life, and had gone out of newsprint. Pejepscot was in and out of news, part of its production being similar to the grades made at Madison. We believe that West Tacoma also made papers other than news, to some extent. After 1949, the contribution of the U.S. industry began to increase, while Great Northern, which in 1946 made 40 percent of all the newsprint produced in the United States became a gradually declining factor in percentage of domestic output -- it was down to about 33 percent in 1951.

Going into 1947, the general price of newsprint, was, as we

have noted, $84.00 New York, with the Company at $83.80. With the controls removed, it climbed steadily, in a leap-frog pattern, and as we are considering a short period, we will not average, but will give the actual steps:

				PREVAILING PRICE	GREAT NORTHERN PRICE
1947	January 1	to	April 1	$ 84.00	$83.80
	April 1	to	August 1	90.00	83.80
	August 1	to	December 31	90.00	87.50
1948	January 1	to	February 1	96.00	87.50
	February 1	to	August 1	96.00	93.00
	August 1	to	November 1	100.00	96.00
	November 1	to	December 31	100.00	100.00
1949	January 1	to	December 31	100.00	100.00
1950	January 1	to	December 31	100.00	100.00
1951	January 1	to	July 1	106.00	105.00
	July 1	to	October 1	116.00	105.00
	October 1	to	December 31	116.00	115.00

Price was still on a freight allowed basis. The Company's average freight cost allowance, which had remained fairly stable for a good many years, increased very rapidly after the war, and in 1951 was about $14.00 a ton, nearly twice as much as it had been in 1941, the net return to the mill being correspondingly reduced.

The history of these price changes was quite complicated, and we will cover only what we consider to be the essentials, leaving out the shadow-boxing. International made the first effective move,

with a $6.00 increase on April 1, 1947. This same increase was put into effect by almost everyone except Great Northern, which, following the independent policy that had made so much capital for it in the past, waited until August 1st, and then went up only $4.00. On January 1, 1948, most of the Canadian mills raised their price another $6.00. Great Northern waited until February 1st, and then went up $5.50. On August 1st, the Canadian producers added another $4.00. Great Northern raised its price $3.00, and held this until November 1st, when it increased by another $4.00, coming up to the market. During this period of rapid rise, the Company's position, expressed to its customers, was that while in the face of rising costs and the necessity of maintaining reasonable profits, it could not avoid raising its price, but would hold off as long as it could, to give them time to get themselves prepared, by whatever means at their command, to meet a higher price, and that whatever it did in the way of price would be based on the realities of the situation. Through 1949 and 1950 prices remained stable. Although demand continued to increase, there were some dampening factors. In 1949 the Canadian dollar was devalued again, giving the mills in that country a free $10.00 increase at the $100.00 level; new techniques allowed higher machine speeds, and while no new mills were built in Eastern Canada there was a lot of improvement and replacement of paper machines; the newsprint industry in the South began to become a factor, with the installation of a second machine by Southland and the construction of the Coosa River Newsprint Company's mill, largely financed by publishers, which went into production on January 1, 1950 at Coosa Pines, Alabama. Gary Paper Mills, Inc., started up a small mill to make

newsprint from de-inked paper, in Gary, Indiana, and Great Northern replaced two machines with higher speed equipment. Also, although there were only two newsprint mills on the Canadian west coast at this time -- Pacific Mills and Powell River -- there was rumor of additional development there. However, the industry in both Canada and the United States was running at capacity, and the apparently unending rate of rise in consumption, together with the action of the Canadian government, late in 1950, in allowing its dollar, which with the improved economy in that country had risen in value again, to float, which to all intents cancelled the exchange advantage again, brought on another round of price increases, International announcing a $6.00 jump as of January 1, 1951, which was again followed by practically everyone except the Company, which held its increase to $5.00. This new price held until July 1st, when Abitibi tacked on a whopping $10.00 a ton, making its New York price $116.00, and was immediately followed by the rest of the Canadian industry. The United States manufacturers at this time were under the price controls imposed by the Defense Production Act of 1950, brought on by the Korean conflict, with a ceiling of $106.00 a ton, the price in effect at the beginning of the year. However, the new Office of Price Stabilization (OPS) unlike the old OPA, recognized the reality of Canadian dominance in the price situation. Its energetic Administrator, Michael DiSalle, involved himself personally, and after strenuous but unsuccessful efforts to get first the Canadian industry and then the Canadian Government to rescind or reduce this increase, a very involved operation which we will not try to get into, and after consultation with the newly-constituted Advisory Committees of the U.S. newsprint industry and the publishing industry, allowed the United States mills to charge the Canadian price. Great Northern took the full

$10.00 increase on October 1, 1951, leaving its figure $1.00 under the market.

The improved situation in the industry and the Company's better earnings did not impress the stock market very much until 1951, as shown by the following figures on the price of Great Northern stock, which again are on the basis of the 998,330 shares outstanding and are not adjusted for the later split:

YEAR	HIGH	LOW
1947	47-1/4	39-1/2
1948	44-1/2	36
1949	42	32
1950	47-1/4	38-1/2
1951	60-1/2	46

None of this price-raising brought any great outcry from the customers. They did not like it, of course, but at this point they were much more concerned with supply than with cost. Neither the price increases nor the matter of supply, however, escaped the attention of Washington, and as usual, brought on no less than three Congressional investigations, all going on nearly at the same time. These investigations did not seem to have the punch of the earlier ones. All the weary old charges were dragged out again, but none of the inquiries seemed to arrive anywhere in particular, accomplishing little except the re-opening of the breach between consumers and suppliers, particularly the Canadians, which had been gradually closed by the common effort of the war years. At the same time, just to make things more interesting, there was the ongoing investigation by the Justice Department, which we have noted.

In 1947, the small newspapers, whose supply of paper had been pretty well protected by L-240 and the cooperation of the larger users and some of the manufacturers, began to find themselves short of newsprint and at the mercy of the jobbers. The Company had an example right in its back yard.

Harry Ross, who we met in connection with the Baxter State Park, had sold the old Bangor Commercial, with which Great Northern had done no business since 1940, to the Penobscot Publishing Company, headed by a young Boston man, who was just setting the paper back on its feet when in early March he was informed by the St. Regis Paper Company, which had bought the Bucksport mill from Time-Life, that they could not supply him with newsprint after December 1st, as they were discontinuing that grade. He came to the Company for help.

This put Dick Caspar in a bind. He was rationing all his customers, including the Bangor Daily News, which had had to go to another source for part of its supply, and whose management would not have been at all pleased if he took on a new account right in the city, no matter how small. He had to refuse, risking possible unfavorable local public reaction. However, he had the Commercial appeal to the New Fngland Daily Newspaper Association, which was doing its best to see that no daily was left without at least its minimum requirements; got together with Sheldon Wardwell, who was a Director of the St. Croix Paper Company; and told the Association that if they could be protected, the two companies would try to provide the 20 tons a month which was all the Commercial needed. This gesture was acknowledged on December 16th

by a letter from the N.E.D.N.A., which closed:

> "This office and the Newsprint Committee of this Association assure you that your conduct in this matter has their sincere appreciation and will have their support should any need for justification of your action arise."

With this assurance, St. Croix shipped a carload of paper, and in December the Company gave the Commercial a contract for 200 tons of newsprint for 1948. It folded up within a few years anyway.

The plight of the small publishers, which was widespread, brought action from both Houses. Two investigating committees, a sub-committee of the Senate Small Business Committee, chaired by Senator Homer Capehart of Indiana, and a special House committee to investigate newsprint and paper products, headed by Rep. Clarence O. Brown of Ohio, were appointed about the same time, early in March 1947. The Capehart Committee got into action first, Sen. Capehart, as reported in a Washington dispatch to the New York Times, dated March 3d, announcing bravely:

> "We are determined to carry through a complete investigation of the pressures, and it is my intention that everybody with something constructive to say be given an opportunity to speak. The Committee will then have the full facts upon which to base an unbiased report leading to effective relief measures."

This statement ranks with famous last words. Getting the "full facts" was not going to be easy. Nobody had ever done it

SEN. CAPEHART - "I understand we are going to have someone as a witness from the Great Northern Paper Co."

MR. WILLIAMS - "They are the large, the only surviving big producer in the United States."

At this hearing, there was considerable discussion of where to look for sources of new domestic production, and Alaska was brought up. We will not go far into this, but will say that for many years there had been interest in the potential of Alaska for newsprint production, and that there had recently been considerable study given to the matter, but the conclusion had been that it was an expensive place to build and operate a newsprint mill, and that it was too far away from the big markets, and nothing came of these studies. A pulp mill was built by the Ketchikan Pulp & Paper Company a little later, however.

On March 8th, Sen. Capehart invited William O. McKay to come to a private conference of the Committee to be held on March 11th with some fifty publishers, and the heads of the principal newsprint manufacturers. The Secretaries of the Interior, Agriculture and Commerce and the Attorney General were also to be their "so that stumbling-blocks as far as Government is concerned can be removed"; adding: "The situation as it has been presented to this Committee makes it imperative to have 100 percent attendance at this conference if free enterprise is to be allowed to continue unhampered so far as newsprint is concerned."

William O. McKay sent Dick Caspar to the meeting, which, while it was not billed as a hearing, was conducted like one.

His testimony is of interest to us here only in that it was a run-down of facts which we have already covered in detail -- the Company's production record; its policy in regard to plant maintenance and modernization; its construction of power plants, the fact that it belonged to no organization or association except the Associated Industries of Maine; that it did not discuss its affairs with any other manufacturer, and that it had never been approached to join any combine. He reviewed the problems met by the Company during the depression and the war years. He stated that it had 244 customers, of whom 134 had contracts; that at least 110 were small publishers; that the Company sold to jobbers only about 3 percent of its product; that its price to all customers, large and small, was the same, and that since 1939 only four contracts had been lost to other companies. He gave the history of price increases back to 1936, as we have presented it, stating that the Company based its price changes on its own facts and figures, and he answered a lot of questions which we will not go into here. They were mostly in connection with the zone pricing system, and were not very searching.

There was another hearing a few days later, at which Great Northern was not represented. In May, the Capehart Committee issued an inconclusive interim report, and we do not recall any further activity on its part until the middle of 1948, when due to a Supreme Court ruling having to do with base point pricing practices in the cement industry, and a pronouncement by the Federal Trade Commission that the newsprint zone price system was illegal, it began an investigation of the effect of different methods of handling freight charges in different industries. As

far as newsprint was concerned, this of course zeroed in on the zone system. Preparation of the answer to a questionnaire was left to the Newsprint Service Bureau and the American Pulp & Paper Association, under advice, Sheldon Wardwell and Luke B. Lockwood of the Carter Ledyard & Milburn firm drawing at least five different draft responses, all of course expressing strong resistance to any change. Sheldon Wardwell reported that a hearing on November 30, 1948, which apparently did not deal only with newsprint, and at which only Sen. Capehart and our old friend Owen Brewster were present for the Committee, was "routine". We do not recall any definite results from the Capehart inquiry, certainly nothing which affected the Company.

Going back to 1947, the Brown Committee of the House started work a little later than the Capehart Committee. The writer does not remember that there was any concern about it as far as Great Northern was concerned, perhaps because it covered much of the same old ground, and we find only passing reference to it in the Company's records. The Justice Department's activity was on a Federal Trade Commission complaint of monopolistic practices by Canadian mills which they said were a factor in the short supply of newsprint, action being taken through a New York grand jury. As noted previously, we do not recall that the Company was much concerned, although it seems to us that someone, probably Dick Caspar, gave testimony. About all we remember about this happening, other than what we have said, is that there was a great flap about an attempt by this grand jury to obtain by subpoena the records of the International Paper Company, which, as it will be recalled, had been removed to Canada some years before, in anticipation of just such

an eventuality; and that it did not get them.

Some time in 1948, however, there was another development which did interest the Company. This was the introduction of legislation, occasioned by the point raised by the F.T.C., which would clarify the existing law to legalize -- if it needed legalizing -- zone pricing and similar arrangements, as practiced by the newsprint industry and others. Apparently it kicked around, several amendments being introduced, until early in 1950, at which time it emerged as the so-called Delivered Price Bill, Senate 1008. The whole paper industry supported this. From available information, without making any particular search, there was conference agreement, and it passed the House, but a motion in the Senate to consider was voted down 36 to 35. We mention this because this was one of the few sessions at which Senator Margaret Chase Smith, who has been rightly proud of her voting record, was not present, and as Sheldon Wardwell wrote on April 12, 1950, in a letter to B. Morton Havey, Fxecutive Director of the A.I.M.: "The record states that she would have voted against consideration, so it is assumed that she is hostile. I cannot understand why any representative of the New Fngland states, and particularly of Maine, should be hostile, and am wondering if anything could be said which would change her point of view". Representations, including letters from the Company's union locals, were made to Mrs. Smith, and whether or not this had anything to do with it, the bill was brought up and passed, but was vetoed by President Truman, on the ground apparently that the F.T.C. had miscontrued the existing law. A statement on the veto, from the sponsor of the bill, Sen. Joseph C. O'Mahoney of Wyoming, concludes: I am

glad that in his veto message Mr. Truman has enabled me.... to say to the business community that, in my opinion, they need not fear adverse action by Government agencies, when, by individual action, they engage in competitive production, distribution and sale of the commodities in which they deal." We do not know the final fate of the bill, but the zone price system remained undisturbed.

There was a respite from Government investigations in the year 1949, but in 1950 and 1951 there were three new witch-hunts. None of these gave any great concern, other than a feeling of exasperation, to the management of the Company, case-hardened by experience with previous investigations, from which it had emerged unscathed, reasonably sure that its independent position had been well established, and that it had the general good-will of the publishers. Besides, the thrust was ostensibly against the Canadian industry. However, there was no way to keep out of these things. There was no way of knowing where they might lead, and they had to have attention, which meant a lot of work.

The inquiry to which we will give primary attention was that of the "House Sub-Committee on the Study of Monopoly Power", headed by Rep. Emanuel Celler, of New York, Chairman of the House Judiciary Committee. This sub-committee had been quietly making preparations for some weeks before its targets were set up publicly, a Washington dispatch to the New York Times, dated February 9, 1950, announcing:

> "President Truman today urged Representative Fmanuel Celler, Democrat, of New York, Chairman of the House Committee, to 'go ahead full steam' (the equivalent

of his famous 'give 'em hell') with his investigation of economic power in several industries."

This account went on to say that Mr. Celler had told reporters that he would first investigate the operations of the United States Steel Corporation, and would then consider the "Canadian Newsprint Monopoly"; the "duPont Dynasty"; the "Shubert Theatre Trust"; the soap industry, with particular attention to Lever Bros.; Pan-American Airways, and, of all things, in this exalted company, the barrel-making industry.

It was the feeling within the Company that the inclusion of newsprint, after all the attention that had just been paid to it, was a political move. This same Times dispatch quotes a member of the committee as saying that they were inclined to regard the investigation as more of an"educational campaign for the public on bigness in industry", but Mr. Celler is reported as stating flatly that there was "a huge combine operating in Canada to squeeze the consumers of newsprint by keeping prices up and production down". This subject had already been investigated to death, as Rep. Celler knew very well, but according to A.N.P.A. Bulletin No. 7, February 1, 1950, the American Newspaper Guild, C.I.O., had asked for the inquiry, and anything that involved the press was sure to make news. In A.N.P.A. Bulletin No. 26, May 4, 1950, General Manager Cranston Williams stated that "the A.N.P.A. did not ask Rep. Celler to start his investigation, and it is not asking Rep. Celler to stop his investigation." and that "much of the information and inspiration for the starting of the investigation came as a result of a survey on newsprint produced by the Guild."

Sheldon Wardwell, who was careful to inform himself on such things, obtained an opinion from an attorney who had held a high Government post during the war, at which time he had become well acquainted with Rep. Celler. This man wrote, in a letter dated March 21, 1950:

> "I do not think that Celler believes he is making a penetrating investigation of our economy for the general good. He is seeking personal publicity and also justification for a much more extensive investigation into the monopoly field in general. You will recall that he endeavored to get a joint resolution of the House and the Senate passed for such an investigation, with a substantial appropriation for expenses. That failed and he is going it alone on a somewhat reduced basis. Celler is hoping that he will stumble upon some scandal that will enable him to persuade the House or the Senate that this type of investigation has substantial political possibilities."

Hearings were started with the steel industry in April, and did not get around to newsprint until June 19th. In the meantime the Company's attorneys were able to find out from Committee members just what kinds of questions would be asked, just in case there should be any new angle; data prepared for previous hearings was updated and additional information was put together, most of this work being done in New York by Carter, Ledyard & Milburn, as William O. McKay depended more upon the Sales Department to handle such affairs than had William A. Whitcomb, who wanted to be in on everything. In the meantime also, Rep. Celler was sounding off, the

A.N.P.A. Bulletin, No. 19 of March 22, 1950, saying:

> "Rep. Celler says he is 'quite sure he will have no trouble in proving that a newsprint 'combine' of four large pulp and paper companies in Canada is 'guilty of creating an artificial scarcity by curtailing production or failing to produce to capacity'.
>
> He says that is the reason why newsprint prices have jumped 100 percent since 1946.....He adds that 'small mill owners and woodsmen are caught in the big squeeze' as the big companies 'try to buy their wood as cheaply as possible' while holding up the market price to a 'wholly extortionate' level."

About the middle of April, Rep. Celler received an invitation from R.M. Fowler, President of the Newsprint Association of Canada, to come to Montreal to make a first hand study of the situation, which was fair enough. However, according to A.N.P.A. Bulletin No. 26 of May 4th, he refused, saying: "We don't need to be wined and dined to get first-hand information. I don't see what purpose could be served by going up there and getting a few cocktails and meeting a few people"; adding that "a number" of Canadian firms would testify voluntarily at the forthcoming hearings.

On May 21st, the Inland Daily Press Association, of Chicago, addressed a letter to R.M. Fowler, asking three questions, which in effect were whether contracts with U.S. customers would be honored before more overseas commitments were made (the Canadian industry had been making noises about the great potential in overseas markets, in case there should be any flak from the United

States about price); what immediate plans the Canadian industry had to meet increasing U.S. demand, and what long-range plans it had for the same purpose. Nothing was said about price.

R.M. Fowler's reply was in the form of a memorandum, dated June 7th, with a letter of transmittal, in which he said, in part: "Your letter seems to be a reasonable approach to the problem of newsprint supply and to reflect general concern among U.S. publishers, in contrast to the wholly unjustified criticisms which have been directed against Canadian newsprint producers from various U.S. sources during recent months....Your inquiry having been released to the press, I shall make this reply available to the press also, and it may be that printed copies will presently be provided for the information of all concerned." His letter and memorandum, printed in a 21-page pamphlet, which as a matter of interest bore on the front and back covers the single red maple leaf, the symbol finally adopted after the controversy about a new Canadian flag in the 1960's, was circulated a few days later.

The memorandum is far too long to be quoted, and too full of concentrated argument to be summarized. It was hardly as sweetly reasonable as his letter, consisting largely of self-justification on the one hand and recrimination, thinly veiled in platitudes about cooperation, on the other. We will note only a few points. He led off by saying that there were problems relating to the world supply of newsprint, but that there was danger of the people of the United States being misled into thinking that this was all the fault of the Canadian industry, citing deterioration in former good relations, which he said resulted entirely from U.S. attitudes,

noting as examples the launching of yet another inquiry by a Congressional committee, the chairman of which (not mentioned by name, but of course Fmanuel Celler) had already made accusations and pronounced judgment without hearing evidence; a recent series of articles in "Fditor & Publisher", directed against the Canadian industry, which he said the Toronto Financial Post had described as "one of the most vicious and distorted smear campaigns we have seen in a long time"; (the writer has some of these articles and they were pretty rugged); and the emphasis placed by the A.N.P.A. in its Annual Report on the expansions by Southland and Great Northern and the new Gary and Coosa River plants, while pointing out that no new mill had been built in Canada since 1938, giving the false impression that Canada was standing still, whereas actually Canada, without building any new plants, was the only country which had increased its capacity since pre-war times, by modernization and speed-up, thereby saving United States consumers from calamity. This was reminiscent of the utterances of his predecessor during the World War II, and indeed he quoted from the latter's remarks made at that time, drew a comparison of the similarity between the accusations which were made then and those now being made, and said: "A solution of this problem calls for intelligent cooperation of both our industries and is only impeded by an atmosphere which American sources are again creating."

He then proceeded to the three questions. To the first, he stated that the answer, qualified to some degree, was "yes". To the second, he said, in effect, but not in these words: "Are you kidding? You don't have a clue as to how much paper you are going to need, so how do you expect the Canadian industry to plan

for it, even if such planning on an industry-wide basis were legal?" The answer to the third question was long and involved, but the meat of it is contained in one sentence: "There is no reason to suppose that Canadian performance in rising to meet your requirements will now suddenly depart from its long-term proven record."

Followed a lengthy dissertation reviewing performance and defending the price situation, which had not been raised; again extolling the virtue of the Canadian industry and decrying the fact that decaying relations had been "caused entirely by statements originating in the United States and not in Canada", ending with the proposition that "we should now make a conscious mutual effort to recapture the understanding cooperation that existed between U.S. publishers and Canadian newsprint manufacturers from 1945 to 1949, which has been slipping from our grasp in recent months." This of course ignored a whole lot of history, but no matter. What had happened was that Rep. Celler had already made public his charges before he opened his hearings, and had declined to go to Canada to talk with industry representatives. R.M. Fowler took this occasion to answer these charges for the industry, again before the hearings, and declined to come to the United States to talk to Rep. Celler.

Late in June of 1950, long before his hearings were concluded, and without having developed any hard evidence, Emanuel Celler issued a statement of his tentative findings, reported in A.N.P.A. Bulletin No. 43 of July 6, 1950, insisting that in his opinion the newsprint industry was not competitive, that there

appeared to have been some collusion, and that the anti-trust laws had been violated, and drawing three truly profound conclusions, to wit:

1. That newsprint manufacture in the United States should be expanded.
2. That the newsprint industry should not be made a public utility.
3. That it should not be exempted from the anti-trust laws.

Dick Caspar and Fred Mears testified in July. Otherwise the Company, as far as the writer recalls, pretty much ignored the whole thing. Sheldon Wardwell, in a letter dated April 6, 1951, to Rep. Angier R. Goodwin, of Massachusetts, who had expressed interest in the investigation, wrote:

> "The Sales Department of Great Northern Paper Company in New York employs New York counsel and I had very little to do with preparing testimony for the monopoly hearing and have not read all the voluminous testimony. Its policy is reticence, distinctly isolationist so far as contacts with the trade are concerned, and in the reports and in various investigations it has been described as 'independent'..."

The Celler Committee had issued a lengthy report early in 1951 on its 1950 activities, which we will not even attempt to summarize, the principal points of interest to the Company being an attack on the zone price system, while offering no alternative, and stress on the necessity for new sources of supply. It continued to insist, but did not show proof, that there was collusion to fix

prices and restrict supply. The whole Celler investigation was surrounded by an atmosphere of futility, and was a complete waste of time. The same old charges, evoking the same old denials, were trotted out, but the publishers as a whole were not really behind this crusade against its principal suppliers, and if there was not agreement between the publishers and the manufacturers there was more understanding than there had been. Both were beginning to resent the constant interference of government in their business relationships, and when late in 1950 Rep. Celler charged the publishers with hoarding paper, they were even less willing to ally themselves with him. As Sheldon Wardwell further said in his letter to Angier R. Goodwin, part of which we have quoted:

> "Harrassment and unfair criticism do not stimulate increased investment. It is significant that well-informed representatives of the press were not critical of the newsprint industry...."

Early in 1951, following the $6.00 price increase which took effect at the first of the year, Rep. Celler made motions at renewing his investigation, and was empowered to do so, but did not go very far, contenting himself with making his views felt in connection with investigations being carried on by others.

Meanwhile, also early in this same year, a sub-committee of the Senate Small Business Committee, headed by Senator Hubert H. Humphrey of Minnesota, and a sub-committee of the House Committee on Interstate and Foreign Commerce, under the leadership of Rep. Lindley Beckworth had been set up, both involved in investigations of the newsprint situation. In all honesty, the writer remembers only mention of the Humphrey Committee around the Boston office,

perhaps because it did not hold hearings, or because its contact was with the Sales Department, and we must refer to L. Ethan Ellis' "Newsprint" Pp. 155-156, from which we learn that this committee relied heavily on the material gathered during former investigations, and that while its report did not agree entirely with some of the previous conclusions, it did agree with Emanuel Celler's pronouncement that the evidence showed collusion to set prices, and was more specific about the need for competition from new construction, naming Alaska and the South as offering the best prospects for new developments, and suggesting, for the first time that we have heard of, government aid to such projects. Of the Beckworth Committee, we know even less, and if it had any bearing on the Company's affairs, it was because it was active at the time of the decision of the O.P.A. to allow the United States mills to come up to the Canadian price established in July, 1951, and was probably more involved with the new Government control agencies than directly with the industry.

All this Government activity is part of the Company story. Newsprint price always had been the big factor in the determination of policy in all areas involving the spending of money, and the possibility that these probes would in some way result in something that would affect freedom of action was a constant threat, even as it is today. Also, they took up time that could have been used more constructively. They probably actually had little effect on the decisions that were made, because none of them was conclusive, but they lurked in the background while the management came under new pressures, with results that we will do our best to deal with.

It is now necessary to go back into the preceding chapter, in which we mentioned the formation in August, 1946 of two new committees of the Board of Directors -- the Salary & Pension Committee and the Survey Committee. These were a good idea, although the Survey Committee never really did what it was intended to do. This committee was welcomed by William O. McKay, because it presented an opportunity to get a lot of things that he wanted to do up for consideration. However, the originators of it had put a fly in the ointment, in that they had engaged an outside consultant to make a general one-man study of the Company, and present to them an outline report on which they could have the Survey and Salary & Pension Committees base a more comprehensive examination of its operations, which put them and the President on a different wavelength.

What they were looking at was a company which had increased its production only about 10 percent in the last twenty years, while the consumption of newsprint was rising at twice that rate; that had earned nearly $5.00 a share and paid a $3.00 dividend twenty years before, while in 1946 neither figure was much more than half that and things like a long letter, dated August 6, 1946, to Sam Park from a large Southern publisher who had been doing business with the Company for nearly 30 years, and who was so short of newsprint that he had sent a man to Finland to see if he could find some there. We quote bits which bear on the point or are otherwise of some particular interest, and represent its basic content:

"Dear Mr. Park:

It's always easy to run somebody else's business. I assure you that it's not in that spirit at all that I write you....It comes from ny own conviction....that

Great Northern is a company of great integrity and that we had rather do business with it than any other newsprint supplier that we know.....

Several years ago I argued with Mr. Caspar.... that Great Northern as the largest American supplier, should interest itself in Southern newsprint possibilities.....But beyond that, I am interested in a very serious newsprint situation in which Great Northern, I feel, also has an interest and a responsibility.

I have felt for a long time that Mr. Whitcomb was making a serious mistake in assuming the attitude that Great Northern would manufacture only approximately 300,000 tons a year.....(and) ordinary logic would seem to argue that if Great Northern does not increase its volume it will experience more and more difficulty in meeting fixed charges and dividend requirements....

Again, in talking with the Great Northern people, it has been borne in upon one that your capacity is very definitely limited as a matter of Company policy.... I believe that among the customers you already have there is an assured market for a good deal more newsprint than you produce. I believe that if you had a mill in the South, you would be in position to compete in a market which you abandoned some years ago....I am not arguing... against a price increase on newsprint....It's not the price so much that worries one as the shortage. We could pay the price if you could give us the newsprint....."

William O. McKay on the other hand was looking back at the depression and the war years, when some 70 percent of the industry

had gone broke or out of business, while the Company had remained solvent and strong; had nearly doubled its timberland holdings and its cash reserve; owed nobody anything; had employees and customers that swore by it, not at it, and that had brought its earnings back to prewar level. However, while this was a commendable performance, it was not good enough. It seemed to the J.H. Whitney & Co. people that Great Northern had to get with it, although we are sure that at that point they had very little idea as to where it ought to go to get there. They were right, of course. The paper industry as a whole was growing, and paper companies were getting bigger all the time by acquisition and merger. The term "conglomerate" had not yet arrived, but the concept had, and one way or another, Great Northern was vulnerable. William O. McKay would never have dreamed of the possibility that his company could ever be swallowed by some bigger one, but it could have happened.

We do not know who made the preliminary study and report, which was presented at the September, 1946, meeting of the Board, although we must have known at the time, as it was no secret. Sheldon Wardwell would have known, but in correspondence he refers only to "the author". The writer has a copy, undated, unsigned and marked "Draft", but quotations from it in later correspondence indicate that in final form it was not substantially different. It was pretty shallow, although it covered a great deal of ground. "The author" himself says that he made "a superficial trip around the company's properties", and a great deal of it was obviously derived directly from Company sources, not from observation.

This report became of considerable importance, in view of

what was later done or not done, and we list all of its twenty-two items, partly quoted, heavily edited, and paraphrased in places for brevity:

1. Introductory: "A suggested program for the guidance of the Survey and the Salary & Pension Committees... covering briefly most of the subject matter which it is believed should be explored by these Committees..."
2. Newsprint: "...The manufacture of newsprint...has been the principal business of the Company. This had been a highly successful operation, and with the exception of minor adjustments and the purchase of certain new equipment there is very little that requires comment... The Committee should give serious consideration to the development of power at Ripogenus and on the East Branch."
3. Woods Division: "A study of the personnel requirements and timber policies should be made."
4. Engineering Division: "A study of the relationship of this Division to the Woods and Manufacturing Divisions should be made, as well as a study of personnel requirements."
5. Madison Mill: Studies should be made of (a) expanding output; (b) of the nature of the products to be produced by the expanded facility and (c) sale of the entire property if studies (a) and (b) do not appear to justify continuation of this operation.
6. Hardwood: Recent figures in the press indicate that a decline of 75% in the production of hardwood lumber for building purposes is one of the principal bottlenecks in the restoration of building construction. Suggested that more hardwoods be cut and sold, and that the Van-

Buren-Madawaska sawmill be purchased with a view to producing hardwood lumber.

7. Southern Kraft: No recommendation for study of a move to the South until the possibilities in Maine had been thoroughly explored, but a rather pointed comment that I.P. and others had made a good thing out of southern kraft developments.

8. Other Expansion possibilities: Great stress laid on the potential of the manufacture of pulp mats for use by newspapers. Also suggested, plastic impregnated paper for frozen food containers, and: "Undoubtedly there are numerous other possibilities which are related closely to the Company's business."

9. Sales: The survey should take in "a full description of the sales policies, present and contemplated, which would undertake to emphasize the proposed organization of the Sales Division based upon the conclusions which had been reached in the survey".

10. Research: A thorough analysis of the Bureau and its personnel requirements, and a program of budgeting time and money for (a) research on new products and (b) improvement of old ones.

11. Finances: Study to be made of the Company's bank accounts, and an appraisal made of the services rendered by the various banks. Serious consideration should be given to registering the Company's stock with the S.E.C. and of listing on a recognized exchange. A method of financing any recommended developments

should be studied. Little doubt that the Company could sell 20 or 25-year debentures at a favorable interest rate, or money could be raised by the sale of the Madison mill.

12. Salaries: A thorough study of salaries, with a view to determining more closely the relative value of various officers and key personnel.

13. Pensions: "It is suggested that emphasis should be placed on determining whether pensions should relate merely to length of service or whether they should be tied in more closely with accomplishment.... Generally speaking, it appears that when emphasis is placed on the production of an individual rather than on his mere presence over a period of years....the success of the enterprise and pension plan has been assured."

14. Incentive Compensation: Study should be made of the adoption of "a profit-sharing plan for officers and employees, based not only on the profits of the Company but on the individual production effort of the employee."

15. Officer Personnel: An organization chart should be prepared showing the responsibilities of each major division and the officers allocated to these divisions, the chart to be constructed in the manner of a military Table of Organization, showing the chain of command. While not specifically recommended, it is suggested that many large companies have an Executive Vice-President or an Assistant to the President in charge of public relations and personnel, and "it does appear that the Company has reached a size where such officers might be necessary."

16. Annual Statements: "It is suggested that the Great Northern Paper Company, with approximately 3,900 stockholders, has a very great responsibility to them and to the public", and that a well-edited and suitably illustrated report would reflect great credit on the Company and its management.

17. Employee Publication: A periodical, "prepared by the employees, containing Company news, personnel intelligence, athletic contests and various other activities of the employees" should be encouraged.

18. Auditors: "Some companies have found it desirable after a period of years to change their Auditors in order to obtain the benefit of diversification of thought."

19. Employees' Housing and Other Facilities: "A study should be made of present housing conditions, together with such related subjects as hospitals, schools and recreational facilities..."

20. Apprentice School: "The Company has followed the policy of conducting an apprentice school for younger man." (This referred to the Bureau's program of training technical people for supervisory jobs) "This is an excellent idea and it would be interesting if the survey were to contain a report on this school" -- including its present strength and future plans -- "There is nothing more important today than to secure the services of young men in their early twenties in considerable numbers, and to develop them..."

21. Priorities: Upon completion of the formal survey based on the suggestions in this preliminary study, priorities should be placed on the moves to be made.

22. Company Offices: "The survey should contain a statement as to the present setup of Company offices.... together with such suggested revisions as seem appropriate." It is suggested that if the main office is to remain in Boston it should be listed in directories, and perhaps the Treasurer should be moved there from New York. "While it is believed that it is necessary to maintain a sales office in New York and a Woods Division in Bangor.....centralization to the extent consistent with efficient operation is always desirable."

The fact that a draft copy of this "preliminary report" was found in Sheldon Wardwell's files does not necessarily indicate that its content was known to him prior to this meeting, and to the best of our recollection it was not. It did not make the President very happy.

In the first place, he had nearly forty years of Great Northern background, and to have the Company, for the first time in history, subjected to an overall survey of its operations by an outsider, intended to lead to committee decision as to its future, before he had had any chance to show what he could do as Chief Fxecutive, particularly when out of the past fifteen years there were only a few during which the efforts of the management did not have to be devoted to just keeping the Company healthy, leaving little time for the consideration of many of the things suggested which were

in the order of refinements, did not seem to him to be quite cricket.

In the second place, while the suggestions may have seemed to the new Directors to be original, most of them had come right from the Company's organization, and had already been studied or were under study. William O. McKay had been nagging William A. Whitcomb for a long time about the development of the Ripogenus power. "Timber policies", if that meant land management, had been under constant review since the United States Department of Forestry had set up guidelines as a special project for the Company in 1904. Great Northern had been a leader in the improvement of woods operating equipment, and was considered by the industry to have an outstanding woods operation. We have described some of the prodigies performed by the Engineering Department, which had been somewhat augmented and its scope had been broadened a little since we wrote about it as it was twenty years before. Studies of what to do with the Madison mill were a dime a dozen, as we have seen. Good quality hardwood stands had been exploited for years through the sale of stumpage; the Van Buren-Madawaska proposition had just been explored, and while there was hardwood in the area available to that mill there was no long-term amount of sawlog quality. Experiments had been made with many kinds of paper. The Company's sales policy had made it the envy of its competitors. As to the comments on pensions and a profit-sharing program, the Company had neither. A pension plan was in the works, but the old salary bonus, a form of profit-sharing, had been incorporated into the salary structure. Anyway, the suggestion that either be tied in with individual performance was sort of ridiculous. The organization was little dif-

ferent from that of twenty years before, which we have described; there was no conflict between departments; everyone knew pretty well not only what he was supposed to do but what everybody else was supposed to do, and making organization charts was just playing games, under these conditions. The new President had long argued for a more modern Annual Report, although his ideas were no doubt much more conservative than those of"the author". He had advocated, without success, the listing of the stock. Great Northern had had, in the Spruce Wood Department's "Northern" magazine, one of the finest employee publications ever produced, and its coverage had been broadened to other departments of the Company before William A. Whitcomb had knocked it on the head in his feud with Fred Gilbert. Employee housing was already under study, and the Company had always taken an active interest in the schools and municipal affairs. The Bureau's apprentice program, while not very sophisticated, was very effective, and to attempt an analysis of it at this time, when over four years of war had not only made "the services of young men in their early twenties" unavailable, but had taken those which it had, was unreasonable. The remarks on the establishment of priorities was sophomoric. The recommendations, by inference, pointed out the Boston office, the core of the organizational structure since 1899, as being of doubtful value, which was something of an insult to the memory of Garret Schenck and William A. Whitcomb, and the suggested listing was already arranged for. Under the type of control with which the organization was familiar, the suggested position of Executive Vice-President was redundant, outside of some more aggressive program of expansion, and the report leaned heavily on personnel requirements, a very sensitive area in which William O. McKay was proud

of the Company's record.

In the third place, the report touched upon just enough that had not been attended to, or that had not been considered important, to make it impossible to brush it off. It was true that no plans had been made for expansion, other than the replacement of the three old Millinocket paper machines. The Bureau had deteriorated, had no research program worthy of the name, and undoubtedly deserved attention as did the Engineering Department, which was not yet strong enough. An evaluation of the salary structure was very much in order. While relations with the employees had been such that the need for a personnel department had never been felt, Great Northern was one of the few operations of any size that did not have one. A change in outside Auditors was something that nobody had ever thought about.

In the fourth place, or perhaps this is just repeating the first, William O. McKay had his own ideas of what was immediately good for the Company, and had his own list of specific projects for consideration, which he had put into a neat little memo for presentation at this September meeting -- the development of power at Ripogenus and on the East Branch -- this last really meant participation with the Bangor Hydro Electric Company in creating increased water storage under the old Godfrey's Falls Dam Company charter; the diversion of water from Millinocket Lake into Ambajejus; the replacement of Nos. 4,5 and 6 paper machines at Millinocket, with the necessary additional grinder equipment; new paper machine press equipment to improve water removal for fuel saving; improvements to the Millinocket sulphite mill; the development of the use of power equipment in the woods;

the manufacture of towel paper at Millinocket, some type of book paper at East Millinocket and of rotogravure or tissue at Madison; a study of the utilization of hardwoods, and the development of greater sales of poplar, pine and cedar. He had even set up an organization to study and carry out these projects -- Frank Bowler and the writer (then Manufacturing Department Engineer) for engineering; Bill Hilton and Roy Weldon (who had been made Assistant Manager of Spruce Wood in 1945 upon Frank Pearson's resignation; a waste of talent in a way, but under the conditions which we have described a good man was needed for wood procurement, and not much was going on in engineering); Warren Daniell, then Superintendent of the Bureau; Creighton Stanwood and Charlie Carrier, the latter at that time Associate Superintendent of the Millinocket Mill, for the Manufacturing Department, with Dick Caspar and his Assistant, Fred Mears, for the Sales Department. This program had to be shelved, at least temporarily, while the proposals made by "the author", whoever he was, were studied and reported upon, although it will be noted that there were certain areas of resemblance. No wonder he was unhappy.

No over-all follow-up study by the Survey Committee, such as was originally contemplated, and which would have involved a monumental concentrated effort, was ever made. A lot of the things mentioned in the preliminary report were done piecemeal, as we will see. In many cases, action was in no way the result of the report, in the sense that a large part of that document, as we have pointed out, was derived directly from discussion of matters that were already under study or had been under study, but in all fairness, for this very reason it was helpful in that it cleared

the way for some management projects which might otherwise have been a long time getting up to bat, so that in the long run it served to promote plans already made, irritating as it was at first.

We believe we are right in saying that this outside "preliminary study" was the first of its kind ever made. We are not forgetting the Fuestel report, the studies which resulted in the hiring of Price Waterhouse & Co. as Auditors, and a number of others, but these were on specific subjects, notably the steam plants. As far as we know, none of them was comprehensive. It should be clear that it did not produce a lot of shiny new schemes for the regeneration of the Great Northern Paper Company.

The writer knows that somewhere about this time a study of the operations and management of Great Northern was made by the president of another large paper company. It is barely possible that the "preliminary report" we have been discussing was the result, but we do not think so. The writer knows who this man was, and it is his opinion that his study was made a little later, perhaps in 1947, and that the results of it were not made known to the working management. He may be wrong.

By early 1948, it had become evident that the Company was expected to be something different from what it had been for so long, but until at least that time there was no directive or direction. The new powers may have thought that they were providing William O. McKay with clues that would cause him to come forward with programs which they could consider as more aggressive than those of recent years. If so,he did not get the message. Time

and again he came back from New York with the complaint that he could not figure out what they wanted. At one time he said bitterly: "What do they want to make out of us? Another St. Regis?" That company had recently enlarged itself by buying several old mills, with which it was not doing too well. He would never ask "them" directly what they wanted, a characteristic which the writer had discovered to his grief, as we have noted. By "they" he did not seem to mean the Board as a whole, but the J.H. Whitney & Co. group and probably the Paine people who were working quite closely with them. In 1948 came enlightenment, but the next few years were a bad scene, in a low-keyed way, and confusing to write about. There were no confrontations that we know of. Everybody was polite and friendly, but there was anxiety and some resentment within the upper levels of the working management, who considered that the situation constituted a reflection on their efforts, and on the policies of those who had gone before them, and whom they had emulated in a broad way. This feeling was tempered by the fact that the normal routine of running the Company had to be carried on, that the new ideas which turned up were interesting to explore, and that William O. McKay, while perfectly willing to do whatever was expected of him, if he could find out what it was -- maybe we should not say perfectly willing; there were some things which he suspected "they" had in mind about which he had reservations -- did not intend to give up his own treasured programs easily, and this provided a certain amount of excitement. The anger of which we speak, which lessened somewhat as understanding developed and an effort could be made in the direction of producing what was wanted, was pretty much confined to the Boston people, including the two old-line Boston directors, Sheldon Wardwell

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and Hilbert Schenck, and to the two other Vice-Presidents and a few key people. As far as most of the rest of the organization was concerned, there was no problem.

It will be difficult for us to make clear the sequence of events leading up to the trauma of late 1951. From this point in our story, documentation of the kind we need is hard to come by, and there are as many versions of what happened as there are people still alive who were involved. However, there is a certain amount of information, and we will just go on as we have been doing, relying where we have to on our own unconfirmed memory, which we have found from experience is as reliable as that of anyone else, and let things develop as they may. We are sure that we can be faulted on detail, but not in the general truth, although it must be recognized that we are presenting a worm's-eye view.

Action on the preliminary survey was started immediately after its presentation, not by preparing a comprehensive reply, but by picking off the items that could be handled promptly by individual reports. Before the end of 1946, Bill Hilton had reported that the Spruce Wood Department had sold about 9,000,000 feet of hardwood stumpage during the past year, and would make efforts to sell more. He rejected the suggestion that the Company cut and sell hardwood logs, on the ground that the slash from hardwood cut along with pulpwood resulted in a messy and difficult operation, and would upset the wage scale, and that conducting separate hardwood operations would draw badly needed men away from the pulpwood jobs, because the wages in hardwood cutting were higher. He also reported that the Van Buren-Madawaska mill had been sold to the K.C. Irving interests, and that although the legal status of the

holding ground remained in doubt, the Company did not need it, having options on suitable sites further up-river. As to mechanization of woods equipment, he suggested that the Company join in supporting the "Northeastern Pulpwood Research Center", whose purpose was to study and improve woods equipment and methods, and take advantage of its expertise. He had no comment on personnel requirements, but quietly made changes in his organization which rendered it more efficient. Sheldon Wardwell, on the item of Finance, sought advice of a friend in the First National Bank of Boston, with which the Company did not have an account. Outside of some transparent hints that his bank would like to do business with Great Northern, which ought not to have all its money in New York banks, the pertinent part of his reply, dated January 4, 1947, was:

> "There really is not anything a bank can do for a depositor of the strength and size of the Great Northern Paper Company beyond the routine services, unless it is asked for help or advice."

Acting for William O. McKay, he also asked B.C. Ward for comment on this item, saying in a letter on December 30, 1946: "I have no idea what the author intended. Obviously the Company has no immediate intention of borrowing money". B.C. Ward's reply was to the effect that all the banks with which Great Northern was doing business were cooperative and giving any service asked for. Fred Mears disposed of the pulp mat suggestion on the basis of the entrenched competition.

These reports were submitted to the Survey Committee in January, 1947, the only result that we know of being a vote to

join the "Northeast Pulpwood Research Council", paying annual dues of $6,000; an historic first in the affairs of the Company, which, as we have repeatedly pointed out, had never, except under compulsion, joined anything whatever -- not counting the Associated Industries of Maine, a valuable connection because it kept close watch on Maine legislative activities. Possibly Bill Hilton's conclusion on the Van Buren-Madawaska proposition had some bearing on the approval of the purchase of 20 to 25 shares of stock in the Heron Lake Dam Company, offered for sale at this time, to prevent their going to K.C. Irving, who had a few shares already. We have noted this transaction elsewhere.

By the time of the February meeting, William O. McKay, one of whose concepts, often expressed to the writer, was "always try to turn a disadvantage into an advantage", had had the organization put together a flock of what became known as "Survey Reports" which would have snowed the Survey Committee under had they all been presented at once. They were all in a format worked out in Boston, typed on an ivory laid paper that William A. Whitcomb had discovered and used for special purposes, and bound in hand-lettered brown covers. Each covered a specific subject, and they were mostly brief; not so much detailed reports as condensed studies and recommendations. We do not know how many of these were made over the next year or two. The writer has found copies of more than thirty, and at least eight of those which he had he knows were presented at the February 1947 meeting. After 1949, as we remember, they were discontinued in this form. Some of them covered rather minor capital repair work which might otherwise have been handled routinely. Some were acted upon immediately;

some lay around for quite a while before there was action on them one way or the other, and some were just quietly shelved. We will examine some of them, just to show how William O. McKay went about turning a disadvantage into an advantage.

The earliest we have, by date of preparation, was a report by Dick Caspar on newsprint sales policies. In this, after noting that since before the war the Company's heavily sold position had made it unnecessary to solicit new business, he pointed out that its policy had always been to confine itself to the area east of the Mississippi, and to sell through its own organization, mostly to daily newspapers in carload lots. He commented: "Although contacts with publishers purchasing their requirements from other suppliers are regularly being maintained, the policy of the Company has been to cherish current accounts who have proven themselves loyal Great Northern customers, regardless of where they are located. Constant vigilance is also exercised to make sure that all accounts are treated as uniformly as possible, i.e. that no favoritism is shown. New accounts are accepted only as surplus production develops." He recommended that this policy be continued, agreeing, however, that consideration should be given to making towel paper, corrugating or other groundwood grades in place of newsprint if surplus machine time should develop. In a second report, he explained briefly the sales of specialty papers from the Madison mill, which was doing fairly well at this time, noting that the same policy of sticking with loyal customers was being followed. He pointed out, however, the problems of power supply and the imbalance between groundwood and sulphite pulp production, of which we have made mention previously, and looking to the future,

suggested the further study of changes which would permit the production of papers that would bring the mill into better balance; the addition of pulp bleaching facilities, and a study of introducing converting operations to make existing or newly-developed papers into end-use products. Like Bill Hilton, he made no mention of personnel or organization, but unlike Bill Hilton, he made no changes that we know of at this time.

Warren Daniell submitted two reports on the Bureau, the first outlining an enlarged and reorganized staff to allow of a meaningful research and development program; covered apprentice recruiting and training and listed projects which might be studied, most of which had already been mentioned in the "preliminary study". These were, as we have said, largely things which everyone knew should have work done on them when the organization and money to do it was available. The list included the study of the use of chain saws and mechanical wood handling equipment, which had been suggested for the Spruce Wood Department. It is interesting to note, at this point in time, the inclusion of the study of four moves in the direction of water pollution abatement. He also proposed that the Bureau assume the basic function of a Personnel Department by setting up record files on all employees of the Company.

Mention in the preliminary study of the situation in the Engineering Department and the Bureau had presented an opportunity to put forward a badly needed expansion of space to house these operations. This took the form of an enlargement of the Administration Building, and a plan, dated January 30, 1947, had been prepared, calling for the addition of two wings extending southward

toward the mill about 40 feet, the one on the east to be used for an enlarged Engineering Department, and that on the west as laboratory space and quarters for the Bureau, which while fairly well equipped, was scattered around in holes and corners all over the place. This space expansion plan was the subject of a Survey Report prepared by Frank Bowler, but was sneaked into a second report by Warren Daniell titled "Enlarged Laboratory and Testing Quarters". The proposed new wings were never built. Instead, laboratory facilities were shortly provided in another way, and later more temporary space was found for the Engineering Department. A number of additional technical people and apprentices for the Bureau, mostly young unmarried men, were hired as a result of these reports. Living accomodations were scarce in Millinocket, and at the writer's suggestion a dormitory was made out of several rooms on the third floor of the Great Northern Hotel, and a special "Apprentice Rate" for board was established. This worked all right for a time, but in the early 1950's, as more highly salaried people were hired, especially by the Engineering Department, this same special board rate was extended to them, without authority; the hotel became half-filled with people who were not paying their way, although they could well affort it, and the writer, who had in the meantime been made responsible for the operation of the hotel, not being able to get them out by persuasion, pulled the plug on the whole special rate program, which had never been intended for anything but starting-rate apprentices.

A report on pension plans, prepared by Creighton Stanwood, was also submitted. As we have said, the Company had no retirement plan, and the matter had been under consideration for some

time. For the past few years, small pensions had been being granted, on a sort of individual need basis, there being at this time only 43 union men and two salaried people on pensions, which ranged from $5 to $25 a week. Both funded and insurance-type plans were presented, the recommendation being for group annuity insurance to cover both hourly-paid and salaried employees. The writer made up a box-and-line type organization chart, which was re-drawn and lettered by Ralph French of the Engineering Department, was photographed down to 8-1/2" x 11" size, and copies were sent to the Directors.

It will be noted that all of the reports were in the nature of responses to the suggestions in the preliminary study, but William O. McKay slipped in two, also prepared by Creighton Stanwood, one asking for $300,000 to replace the 40-year-old water wheels at the East Millinocket mill, which were only about 68 percent efficient, and another pointing out that since 1943 the mills had been charged with depreciation totalling nearly $3,000,000, while because of wartime restrictions less than $900,000 had been spent on them; that certain facilities were literally falling apart, and presenting a list of twelve capital-repair type jobs, estimated to cost about $600,000, which almost had to be done. The new water wheels were approved, although work did not get started on them for some time, but only four of the twelve repair-type jobs, the cost of which amounted to about $130,000, made the grade at this time.

We have said that the housing problem in the mill towns was already under study. As a matter of fact, action which had nothing

to do with the recommendations in the preliminary study had already been taken, by Presidential decision. The resulting project grew far beyond anything foreseen when it began, and has been called unique, and we will tell about it from our point of view, emphasizing the Company's leadership and participation, which like so many other benevolent efforts have been forgotten by too many people.

By the summer of 1946, the towns, particularly Millinocket, were in a housing bind, with returning service men and their families doubling up with relatives, or living in attics, basements, converted garages or summer camps, and the demand for building lots became highly vocal. The Company, which was nearly out of the housing business, owning, as far as the writer recalls, only the Superintendent's house in East Millinocket, and in Millinocket the Superintendent's house, the house occupied by Frank Bowler, and four others -- the two on each side of Penobscot Avenue right at the mill gates. It was not really paying enough attention to the problem to realize its magnitude. However, during the summer, it prospected for locations for new housing in Millinocket, at the urging of the Town government, and laid out 47 lots on land which it owned along what was named Eastland Avenue, just west of the old Medway Road, near what was then the entrance to the town, and another 90 or so in two locations, one just north of the Armory, and the other at the north end of the athletic field. By fall, the town had done the street work at the Eastland Avenue location, complete with sewer line, and the Millinocket Water Company had put in a water line, with no assessment on the individual lots, and

the Company began to take applications. As matter of fact, Bryan Seelye already had applications going back for a number of years, which he had been unable, or unwilling in some cases, to do anything about.

In June, 1946, at a special Town Meeting, a Veteran's Housing Committee was appointed, with a small appropriation of money, to assist ex-servicemen to obtain housing. There was no Company representative on this committee. Its plan was to engage a contractor to put up houses, individually financed, on the Eastland Avenue lots. Ten veterans signed up, and lots of their choice were allocated to them by the Company. The Committee had engaged, or did then hire, a Bangor architect to make several plans for small houses, the idea being to make them all more or less alike, placing them one way or the other relative to the street, and painting them different colors to get some variety in appearance, as was the practice in such community quickies being built in other areas. The scheme immediately ran into a problem of financing, as the estimate on the minimum four-room house, which had been selected by all the ten who had signed up was $7,200, including architect's fees, and this was more than most of them could afford, the local bank at that time not being willing to take mortgages for more than ten years. Only two were able to make immediate starts.

This plan did not please William O. McKay, who objected to a development in Millinocket of the kind of homes that produced the song "Little Boxes", which complained "They're all made of ticky-tacky, and they all look just the same". So he sat himself

down at home and thought, and came into the office one morning in January, 1947, after kicking the door and knocking on the fire extinguisher as usual, called the writer in and propounded to him the basic idea which was to develop into the "Mutual Assistance Housing Plan". This had its roots in the fact that among those who wanted to build there were many with various construction skills, and that the towns were full of relatives and friends who had like skills. He proposed that this talent be mobilized through an appeal for cooperative action by swapping services; carpenter helping piper; electrician helping carpenter, and vice-versa, with those who had no skills giving what assistance they could as labor if nothing else. The Company was to seed the plan by providing some amount of aid, and in discussion, it was decided that this would consist of engineering services, excavation for foundations, the use of concrete forms and a mixer, with operator, together with technical advice, the use of a bulldozer to back-fill and rough grade, and experienced supervision of foundation construction, framing and whatever else might be required, all for free, so that a man, with the help of his friends and neighbors, and the assistance of the Company, could put up a home at reasonable cost, in return for which he would lend his help to others. The requirements for the home builder were that he have the deed to his lot, which could be bought for between $250 and $350, for cash or on a small deposit, and an agreement to buy on scheduled time payments without interest, and that he submit a plan for the approval of the Company as to design and cost, first to make sure that there was diversity in architecture and that the house was suitable for the lot, second to insure that there was

some reasonable relationship in the value of adjoining homes, and third that the builder did not put up a cheap house on the one hand, or go overboard and get over his head on the other. In order to be assigned a lot, the builder had to agree that he would make a start, building at least a foundation during the coming season, so that no one could tie up a site that might be allocated to someone who would build at once. In the early discussion, it was also decided that there would be no segregation -- that is, that in the choice of lots, none would be set aside for big shots -- that there was to be no discrimination between worker, supervisor or office employee in selling the lots, and that the Company's help would not be confined to employees, but would be extended to anyone who wanted to build, either for his own use or for sale, regardless of whether he did his own work or hired a contractor. Some other ground rules were made later. To make financing easier, the concept was a construction-loan arrangement. With volunteer help and the aid of the Company a foundation could be built for a very small amount of money; the owner could then borrow on this and his lot to go another step, and so on to completion.

At this time, the emphasis was on Millinocket, where the problem was greatest. The plan was discussed by telephone with the local management -- Bob Hume, the Mill Superintendent, Frank Bowler and Bryan Seelye, all of whom agreed that it could be viable. William O. McKay decided to go ahead, and the writer was delegated to sell it to the people, and put in overall charge of making it work.

The first step was to clear things with the town fathers, and to dispose of the incipient community program. The writer made an

appointment to meet them in the old Great Northern Hotel, and the President sent Dudley Ranney along to add weight. Two of the Selectmen, Fred Boutaugh and Garfield Jones, showed up, and when the plan was explained to them they bought it enthusiastically, although the writer had expected trouble from Garf Jones, who was no friend of the Great Northern Paper Company. Their only problem was what to do about the architect they had hired, and the writer said that the Company would take care of him. The Millinocket Trust Company, as we have noted, was owned by the Eastern Trust & Banking Company, of Bangor. Dudley Ranney and the writer went directly to them with a request for cooperation in the construction loan program, longer-term mortgages, and a reduction in the interest rate, with a positive response in all areas, the mortgage term being extended to 15 years, and interest reduced to 5 percent, our recollection being that it had been 6 percent. The next thing was to dispose of the architect. The writer had him come to Boston, and explaining the program to him found him very reasonable, accepting with good grace a lump-sum fee which was considerably less than he might have received, on the premise that a bird in the hand was worth two in the bush.

The proposed site at the north end of the athletic field had been abandoned, the feeling being that this would be needed later for expansion of recreation facilities and/or for school purposes, but the number of lots in the Eastland Avenue area was increased to 51 or 52 by opening another short street, called Maple Street, and a few vacant lots around town that Bryan Seelye had been holding out were made available.

Details of the new program were publicized and circulated in the Millinocket mill, and Charlie Carrier was placed in charge locally, holding several meetings with prospective builders. The response was encouraging, but there was a little suspicion at first. The problems, however, some more imagined than real, turned up at once. The first was the fear of a shortage of lumber, and the desire of a number of people to cut their own logs and get their own lumber sawed out to season while foundations were being built, in order to save some money. Arrangements were made in January for the Spruce Wood Department to cut, have sawed, and shipped to Millinocket enough lumber for a dozen or so homes. This of course was green, and not usable until the late summer, but would serve as a backlog if there was any shortage at that time. Actually, very little of it had to be used. A tentative plan was made to use the old pulp conveyor tunnel that ran under the mill as a dry-kiln, but it was decided that this was not necessary. The Company's foresters located stands of sawlog size spruce near Millinocket, which could be sawed by a portable mill, and offered it, with the loan of hand tools and the use of horses and trucks at a low rate, and a few took advantage of this offer. A survey indicated that building materials other than lumber and a few other items were in fair supply. There was a general request that the Company's Purchasing Department act as agent for the purchase of building materials, to obtain the advantage of its quantity discounts. This request was refused, the local building supply merchants being told that the Company felt that this business should go to them. They responded by ordering extra quantities of nails, window sash, wallboard and the like. The Company did agree that it would use influence to obtain anything that they could not, and this help was

needed from time to time. The most serious problem arising in this connection was a shortage of cement, and as the program gathered momentum, the Company had to raid its own supply heavily, even dangerously, at times, turning it over to the local merchants to keep enough in stock to avoid a black market situation.

All the arrangements were made within a few weeks, and were the subject of a Survey Report prepared by the writer on February 15, 1947. At that time, Bryan Seelye had 74 applications for house lots. Charlie Carrier, in order to be ready for the building season, was making a survey to eliminate the deadwood, and had talked with most of the applicants, finding that about two-thirds of them, including the two who had already started, were ready or getting ready to go. In April, construction was started on some 17 houses. It was early, and the Company did not want an avalanche of construction that it could not handle, but this was not quite good enough. The writer's February report had made the suggestion that the Company build a few houses for rent, to serve as models and encourage other building, and the Directors had voted money for five homes to be constructed in the Eastland Avenue development. Work on these was started at once by Frank Rush, a local builder, to plans made by Ralph French, the Company's architect, F.H.A. specifications, and with the coming of summer, the project caught fire.

We cannot give too much credit to Charlie Carrier, who was a formidable organizer. A schedule was established for excavation and for the use of forms and the mixer. Gravel from a Company pit was made available without charge, although the builder had to haul it. As most of the foundations were poured in the evening, Charlie Carrier insisted that he wanted to see the aggregate, the cement and

a hose connection for water on the site, with lights strung and enough help to handle and ram concrete lined up before he would allow the mixer to start. This was always the most exciting part of the job, and on many of the earlier houses was a regular bee, with anywhere between 20 and 40 men, and women, turning out to help. The owner usually set up a couple of cases of beer, which Charlie Carrier would not allow to be opened until the job was done. In spite of the discipline he imposed, he was so popular that the people who were building wanted to name a street after him, but he would not have it. The construction of the house itself required less assistance, and skilled labor was in many cases hired for finish work, but the cooperative concept worked. Men were willing to work with their hands for their own homes, and to barter their services, or help without pay, as was hoped. By January, 1948, there were 25 families living on Eastland Avenue, although some of the houses had not been completely finished, and there were foundations ready for spring on all but six lots. Except for the five built by the Company, which were all alike, these homes were all different -- some designed by their owners, with or without help, some by Ralph French or other engineers and architects, and some from standard plans which could be obtained from a number of sources. They were all five or six room single family dwellings. From figures made at the end of 1947, the maximum loan on any of them was $5,500, and our recollection is that on these and other homes built over the next few years no loan exceeded $6,500.

In January, 1948, the project was discovered by the Associated Press, and a full-column article on it, dated January 17th, appeared

in newspapers from coast to coast, many of them running two photographs, one of work on a foundation, in which we can count seventeen men, the other on the interior of the home built by Clyde Chamberlain. This brought a flock of inquiries as to the details of the plan -- from the Mansfield Building and Loan Association of Mansfield, Ohio; the American Friends Service Committee of Philadelphia; from an individual in Brookfield, Illinois, who hoped to interest his company; from a group of veterans in Mineapolis; the Albany Group Housing Committee of Albany, N.Y.; the Metropolitan Housing Council of Chicago; Nekoosa-Edwards Paper Company; the Architectural Forum, a Time-Life publication which picked up the AP article from a San Francisco newspaper; another veterans' group in Pittsfield, Mass.; the St. Paul Home Builders' Association of St. Paul, Minn., and probably others of which we do not have record.

It was written up in the Ladies' Home Journal of August, 1948. The article contained more edited interview material than hard fact, but for interest we have picked out a few quotes. One from Charlie Carrier: "The boys gained experience and learned skills from one another. They developed a spirit of comradeship which was fine to see. Now they have their own homes." He would never have said it in those words, but he would have expressed that thought. One home owner is quoted probably more accurately, as saying: "We dug holes, shoveled dirt, sawed planks and pushed wheelbarrows. It didn't matter whether the work was for our own homes or for a neighbor. Many of the people of the town came out to watch and stayed to help. We sawed pieces out of our fingers and squashed a few. But no landlord can tell us what to do now, and we can kick a hole in our walls if we feel like it." This guy sounds like one

who would have trouble with landlords. Most of those quoted stressed the hard work and the cooperation of their friends and neighbors, but one honest man is said to have said: "I doubt whether we could have gone ahead without the company's help. For instance, the company furnished a bulldozer and operator to clear the ground, excavate and fill in. We had only to pay the operator's overtime. All the engineering services of the mill, including the drafting department....were ours for the asking. They also supplied us with....wooden form panels for the concrete cellar walls, and a cement mixer. They sent an operator to supervise the mixing and pouring. Those of us who went into the forest to cut our own logs could use the company's horses and trucks at a special rate....". Frank Bowler wrote to a friend who had jokingly suggested that he come to Millinocket and have the Company build a house for him: "I must refer you to our statement which makes clear that these homes were built largely by personal hard work by the owners. I can hardly picture you shovelling gravel, tamping concrete or rustling lumber in the construction of your own home."

That, as best we can tell it, was the way it started. In 1948, the demand slackened, although building continued under the program, and in July there were about a dozen unfilled applications for lots. Bowdoin Street was extended westward at that time, and the writer went to the mat with Bryan Seelye to pry loose the remaining lots here and there around the town that he had considered unsuitable for various reasons; and some of them were; but enough were obtained to take care of the worst of the need. For the next

few years, through the Korean War period, there was not a great deal of new building, what there was mostly being taken care of by extensions of existing streets, as we remember. By 1952, however, a Research and Control organization had been built up, the Engineering Department was being enlarged, another lot of veterans were coming back, the number of supervisory and office people was increasing, and there was a new call for more building lots. At this time, between 1950 and 1955, most of the area between Aroostook Avenue and Congress Street, the so-called "reserved" land, which had been held for over thirty years for use in connection with the shadowy Mattawamkeag & Northern Railroad, was sold for house lots and speedily built up. East Millinocket had not seemed to have too much trouble with housing, and there had been little building there, but in 1953-1954 came the big expansion of the East Millinocket mill, the work force almost doubled, and the town began to grow all over. Land was no problem, and the Mutual Assistance program worked there as well as it had in Millinocket. In 1955, both mills went to a seven-day operating week, which involved in effect the addition of a whole additional shift of tour workers, and there was another housing crunch in both towns. This move had been in the works for several years, and it was clear that if and when it was made, there was going to be need for a lot of housing. There was no difficulty about finding room for it in East Millinocket, but Millinocket was a different matter, and the writer, who had been given overall administration of the Townsites in 1954, had laid it on the line that the Company should stop fooling around with bits and pieces and lay out a new development somewhere, capable of being expanded to meet future needs, and giving people some choice

of location. The result was what was called the New Development, later named "Hillcrest", a little east of Millinocket Stream and north of the new section of Route 157 which had just been built, changing the approach to the town. Building under the plan was started at the west end of this development, in the Orchard Street, Colony Place, Field Street, Pleasant Street and Cottage Road area in 1955, with a full-time coordinator, Angus Bears, on the site to administer the aid program. The earlier houses were more or less on the order of those built on Eastland Avenue, but as the development spread, many of the homes became much more imposing, and there was more contract construction. Nevertheless, the Company continued to carry out its part of the plan in both towns, and men continued to help each other. About 100 starts were made in Millinocket, and 50 in East Millinocket, in 1955. In case we have not succeeded in making clear the magnitude of this program, by the end of that year some 600 starts had been made between the two towns, with a few in Medway, since ground was broken on Eastland Avenue in 1947, an average of nearly 1-1/3 a week, and there were only a handful of owners who had not participated in the Mutual Assistance Housing Plan, which was continued through 1963, by which time over 900 new homes had been completed, and the communities were actually a little over-built, with a number of houses for sale or unrented. At this point, the Company did not feel that it should encourage further expansion, and the program was terminated. This however did not stop new construction, which is still going on in both Millinocket and East Millinocket as this is written.

We said that there was no segregation. Lest someone question this because of the few lots on Crestmont Avenue, south of the golf course, on which what were then much more expensive homes were built by some of the officials of the Company, this street and the services were put in by the Company, and the lots were sold at prices which included the cost of development, nearly ten times the price of the others. The lots on Eastland Avenue were only 60 feet on the street, the same as those in the old town, but in the "New" development they were 80 and 90 feet -- not large enough, according to most people, but not only space, but the cost of streets and sewers, which were paid for by the Town had to be considered. Somewhere along the line, the square foot price of lots in the Hillcrest development was set a little higher than that which had been in effect for so many years, and was raised somewhat less at East Millinocket, but it was still very moderate. There was a continuous demand to be allowed to buy two lots on which to put one house, but this was permitted in only a few cases, for obvious reasons, mostly where the second lot was undesirable, and for the same reason there were some instances where three lots were made into two. One building was specially designed by the Company to include a small general store, but was put up by a private owner interested in such a venture, in the Hillcrest development, and an area which had been used for disposal was left to be made into a playground. The road to Jerry Pond and the recreation area there were put in later by one of the local service organizations.

There are several items of interest which might be added here, although it is reaching ahead again, as they are tied in to some extent with the housing program. About 30 acres of land in

the Town of Millinocket, along Millinocket Stream across from the mill, known as "Little Italy", had never been laid out in lots, but had been built upon over past years, more or less haphazardly, and at some point a lease of a kind had been given to each owner of a building in the area. The activity in other parts of the town stimulated these people to make improvements in their properties, but they found it difficult to borrow on them because they did not have title to the land on which they stood. In 1949, therefore, the President was authorized to sell the land in this area, within boundaries which protected the Company's transmission lines, transformer station and land along the banks of the stream. Lots were laid out around each building or set of buildings, and were sold to the owners, who received quit-claim deeds. Access to these properties from Eastland Avenue and Cherry Street, by way of the Cherry Street bridge, which belonged to the Company, was over private ways, and in 1950 the streets, sewers and bridge were given to the Town, making them public. In 1949 also, the Town of Millinocket voted to construct a new municipal building, which required additional land, and Lots 7,8 and 9 in Block 23 were deeded to the Town for one dollar. In this same year, the old Cooperative Store building, and the land on which it stood was sold to the Town of Millinocket for use as a garage, again for the sum of one dollar.

Incidentally, when we say a sale was made for one dollar, that does not mean "the sum of $1.00 and other valuable consideration", but one dollar, period, and when we say "given", we mean for free.

Aroostook Avenue in Millinocket had over the years become the center of the automobile sales and service business, and by this time the traffic, and the storing of new and used cars along this street had become a problem, particularly with the new housing on one side of it, and the entrance to the fire station on the other. This situation had become the subject of a lot of criticism, and the usual demands for the Company to do something about it, although nobody had any suggestions as to what it should do, as it then owned little if any property along this street in the area involved. The matter was sort of brought to a head by the appearance of an out-of-town dealer in a make of car not then sold in Millinocket, who insisted that he was going to start a business there, one way or another, which could only add to the problem. There had been from time to time discussion of the need for an area for commercial development, but the topography of the town did not present any obvious solution. However, the relocation of the highway and the new housing development east of Millinocket Stream opened up new avenues of thought. In 1954 or 1955; the date is not that important; Rod Farnham, the writer's right-hand man in Millinocket and John Ward, the new Townsite Manager, of whom more hereafter; and Townsite Manager does not mean Town Manager, but the Company's land agent; came up with the idea of making land available for this purpose along the new piece of road. Rod Farnham presented this thought to the writer, who obtained approval, and the result was the laying out of eight lots, each 400 feet square, four on each side of the new highway, westward from the east line of the townsite. This location, well out of the built-up section of the town, and covered with small hardwood stand, was

chosen to leave as much land as was thought necessary available for expansion of Hillcrest, while at the same time being itself suitable for expansion. No water or sewer service was available this far out, but the idea was that anyone who located there could drill a well, and get by with a septic tank installation indefinitely or until such time as the Hillcrest development might grow eastward, or the commercial area itself had grown sufficiently to warrant extension of these services to it. One automobile dealer bought and built almost at once. After that, nothing much happened for a while, then it took off, and what is in this area as this is written is far beyond anything envisioned by Rod Farnham, Jack Ward and the writer when they advanced what seemed at the time to be a rather far-out concept.

We should say here that at this time the deeds which had been issued by the Company for house lots contained a clause to the effect that they could be revoked if liquor were sold on the premises. This went back to the earliest days when, as the man said: "They'll take it right out of your pocket, every time". While we have said that the Company did not adopt the paternalistic policies which prevailed in many one-industry communities we have to qualify this statement as it applies to the earlier years. It of necessity ran things before the town of Millinocket was organized, and for a long time thereafter was very much involved in local politics, and in local law and order to the extent of keeping on its payroll a constable who took orders from the Townsite Manager as well as from the official town authorities. Garret Schenck was a fanatic about controlling, even eliminating if possible, the sale of alcoholic beverages in the towns.

No saloons were allowed, and this provision in the deeds was intended to discourage bootlegging. There is some interesting correspondence on this subject, which will be found in Appendix D. We mention this because as the building of homes under the Mutual Assistance plan progressed, and the Millinocket Trust Company, which did not worry about this restrictive liquor clause in the deeds, became loaded up with mortgages, people began to go to out-of-town banks for money. These banks did worry about it, some who wanted to build had trouble getting financing, and as there was no longer any valid reason for it, all the old deeds were cancelled and new ones, without the restrictive clause, were issued in June, 1953.

Now we must go back to 1947 and the matters remaining to be noted in this part of our story which had their beginnings, at least, in that year. It is now nearly impossible to stay with one year at a time.

There had been some discussion among the Directors of the Company's long-standing policy of being a non-joiner, depending upon the newspapers,trade magazines, an occasional trip by someone to other mills or operations, personal contacts and word-of-mouth information from salesmen and visitors to keep up with what was going on. No doubt that representatives of some of the trade associations, getting nowhere with the management, had been talking to some of them. William O. McKay was nowhere near as isolationist as his predecessor. Early in this year he had arranged for the Company to become a member of the Maine Publicity Bureau, and had had a study made of other organizations which the Company might consider joining. This was presented as a Survey Report in April, with no specific recommendations. We will not bother to go into the content of this report, but it resulted in votes at that time to "make contributions" to the Public Service Fund of the National Safety Council, the National

Association of Manufacturers and the Chamber of Commerce of the United States. Sheldon Wardwell said that this would start a parade, and it did. Without trying to follow the dates, we will just say that by the end of 1949 the Company had joined or was contributing to American Forest Products, Inc., the Canadian Forestry Association; the Chambers of Commerce of Boston and of the State of Maine; the Graphic Arts Research Foundation; the Institute of Paper Chemistry; the National Council of Stream Improvement; the New England Pulp & Paper Traffic Association and the Newsprint Service Bureau, in addition to those already mentioned (the "Northeastern Forest Research Council", we believe, had become the "Northeastern Forest Experimental Station) for a total of about $50,000 a year. By the end of 1952 the Canadian Forestry Association had been dropped, but the University of Maine Pulp & Paper Foundation, the American Pulpwood Association, Empire State Paper Research Associates, Inc., about which there will be more later, and the New England Forestry Foundation had been added, and the total contribution to these organizations had risen to $83,000. This was in addition to a long list of moderate contributions to National, State and local charitable and welfare causes, which had been growing, little by little, since the first of which we have found record, made to the relief fund at the time of the San Francisco earthquake and fire in 1906. There have undoubtedly been many changes in memberships, and in the organizations themselves since that time. We will not attempt to follow them. All we are trying to do here is to show that at this time the Company suddenly came out of its shell, and joined the world.

There was an interesting point in connection with the contribution to the Newsprint Service Bureau. We have noted in another place that the Boston office was receiving some of its reports from away back. This was a courtesy, although we believe that even at the time of which we have been writing the Company was

making some contribution for the service, but not for membership. It will also be recalled that the Company had withdrawn from the old Newsprint Manufacturers' Association of the United States, the functions of which had been taken over by the Newsprint Service Bureau, which was a member of the American Pulp & Paper Association. Late in 1948, the Federal Trade Commission had instructed its agents to investigate both member and non-member contributors to affiliates of the A.P.P.A. in connection with the monopoly inquiries which we have mentioned. The Company had contributed $3,000 to the Newsprint Service Bureau in 1948. This made Sheldon Wardwell nervous, and he took the matter up with Luke Lockwood, of Carter, Ledyard & Milburn, who wrote on January 3, 1949, in part:

> "Whatever risk of inquiry that might result from the fact of contribution to an affiliate of the American Pulp & Paper Association has already been incurred, so that I am inclined to believe a withdrawal at this time would unduly emphasize the past relationship, which is perfectly legal and might be misrepresented.
>
> Great care should be taken to make the limited nature of Great Northern's participation unmistakably clear. Perhaps a statement of this should accompany the next contribution to the Bureau."

More inquiry showed that this precaution had always been taken, through the Sales Department, and there was no problem.

One of the suggestions in the preliminary study had been that the Company put out an improved Annual Report to Stockholders.

The result of this was the first effort at a modern report, issued in March, 1947, for the year 1946. It was designed by the writer, with the help of George H. Dean Company of Boston, the financial printers who had turned out all the previous reports, to meet William O. McKay's ideas -- a 12-page booklet, 6" x 9", two-color, on low-finish, uncoated paper, printed letter-press. The title was placed on a rectangular forest-green color-block, off-center at the upper left of an otherwise plain white cover. In addition to the financial statistics for the years 1946 and 1945, the Auditor's statement, the names of the Directors and officers and the addresses of the various offices, it contained a President's letter of about 500 words, and seven black-and-white cuts, grouped on the two back pages, showing the Penobscot mills, the Ripogenus Dam, Ripogenus Gorge, the interior and exterior of the Mattaceunk station, and depot camp on the so-called St. John operation of a number of years before, as being typical of woods camps. This format caused one of the financial publications to comment, in about these words, on "President McKay's neat and tasteful little report, entirely in keeping with the traditional conservatism of his company, but about as informative as an address to a Rotary Club luncheon." Which William O. McKay considered a compliment, this being precisely what he intended it to be.

The recommendation that a retirement plan be established had been considered, and in August, the officers were empowered to enter into a group annuity contract worked out with the Aetna Life Insurance Company, to be implemented when approved by the Treasury Department and the stockholders. This plan was put into effect on October 1, 1947, although it was not approved by the

stockholders until January, 1948, and by the I.R.S. in February. As these things are difficult to describe, and we do not intend to try to follow the many later changes, details of the original plan are rather meaningless, although we will have a little information on it later. The recommendation was for pensions for all employees, and this formal plan had been offered to the unions at the negotiations earlier in the year. They had turned it down, but it was put into effect for salaried employees, of whom 151 -- those over 35 years old -- were eligible. Shortly after this, the management, on its own hook, adopted an unofficial program of paying hourly-paid workers in the mills, and some others, who retired at age 65 or over, pensions matching their Social Security benefits.

At this time also, $200,000 was appropriated for an additional boiler at Millinocket, badly needed anyway, but also making it possible to get a little more power out of the "Graf Spee" turbine. While both the preliminary study and William O. McKay's own list of projects had suggested the manufacture of towel paper at the Millinocket mill, the search for new grades for Madison, and the proposition that some sort of converting operation should be considered for that mill had shifted the thinking on this project. In July, a Survey Report labelled "Paper Converting - Madison-No. 1, Towelling Paper" which had been prepared largely by the writer and Bob Haak, a salesman who later became President of the Company, but was also signed by Creighton Stanwood and Dick Caspar, was submitted. This was approved in September, with an appropriation of $95,000, and we have told the sad story of what happened, elsewhere.

In October, the President renewed his attempt to get started on the replacement of the three remaining original paper machines at Millinocket and to put in the additional grinder equipment needed for the increased production. So uncertain of the climate was he at this time that he did not ask for funds, but submitted a plan for gradual rebuilding of the machines, starting with new fourdriniers and press parts, along with the installation of a couple of grinders. He was told to place an order for the two grinders and a motor, and to come back with figures on the rest of the job. This was followed by a rather mixed-up sequence of events, the action in purchasing the grinders being approved, and the go-ahead being given in November for some additional groundwood mill equipment and a new engine and wet end for No. 4 machine, on a report prepared by the writer. At this time, the idea was to get along with the old dryers on No. 4, and complete the rebuilding of this machine and No. 5 on a program "depending upon business conditions and price trends". However, between then and the December meeting this began to look like a rather timid approach. William O. McKay was allowed to order a new dryer section and drive for No. 4, and at the same time he obtained an option on equipment to rebuild No. 5 completely. His purchase of the new dryers was approved, and an appropriation of $670,000 was voted for the replacement of No. 5 at the December meeting.

In October, Roy Weldon had made a trip to the Lake States and the West Coast to investigate their pulpwood operating procedures, and made an interesting Survey Report which concluded with a list of things to be tried as a result of his observations:

1. An effort to be made to get both operated and purchased wood cut 49-50" long, instead of 48". (This was tried,

but with little success. The woodsmen considered it an attempt to gyp them on scale, and those who did try to cooperate were not very accurate, and a lot of wood came in that was too long for the grinders, and had to be sawed to length at the mill.)

2. An experimental camp and cutting area to try out mechanical methods of yarding to the hauling roads and sawing there (nothing of any practical value came of this at that time): the use of rubber belt conveyors to move short wood out to the hauling roads (this was never tried, as far as we know): the use of trucks instead of tractors to haul sled trains to main winter roads (this was tried, but showed no great advantage. However, it was a step in the direction of direct truck hauling out of the woods as better truck equipment became available): making up specialized crews of fellers, yarders and buckers, each doing his own thing, to try to increase per man production (this did not prove to be of any advantage either, as most woodsmen could do anything): and various types of mechanical saws and methods of using them to the best advantage (this was a natural development, which we will go into in another place.)

This reminds us that the writer had had a similarly unfruitful experience many years before. Back in February, 1934, he had been sent on a trip through the south to investigate their cutting practices. He found little to compare, because of the difference in terrain, stand and climate, but came back all excited about one thing -- the use of open pulpwood cars with ends 8 feet

high but no sides except a timber along each edge of the floor, so that two tiers of pulpwood, piled the length of the car, one on each side, pitched toward the center and against each other to make a stable load. This pulpwood was all rough, of course, and was cut five feet long. These cars were in his opinion far superior to the box cars and the old pulpwood "rack" cars being used in the north, in ease of loading and unloading, and upon proposing their use he was surprised to be met with all kinds of objections, both from the Spruce Wood Department and the Bangor & Aroostook, principally on the ground that it was an unsafe load for the grades and curves. However, he kept pressing the matter, and the Bangor & Aroostook finally agreed to try it. Two old 36-foot flatcars were fitted with ends, which as we recall were only 6 feet high; and side timbers. These were good enough for a trial, but the Spruce Wood Department double-crossed him by loading them not only with peeled wood, which he expected, but peeled wood which had lain in Wallagrass Pond, far up in Aroostook County, all summer, and was covered with slime and as slippery as a greased eel. Even at that, several trips were made with no load being lost, but quite predictably a few sticks were pinched out so that they projected eight or nine inches from the face of the tier. This was cited as proof that the load was not safe, and no further trials were made. In 1946, the Engineering Department designed and installed below the North Twin Dam a pulpwood car dumper, which would tip the entire car to discharge the load under a swinging side hinged at the top, and the Bangor & Aroostook bought several hundred expensive steel cars, specially designed to be used with this equipment, which worked very well.

This development was hailed as a dramatic improvement just at the time of which we are writing. However, a little later, some fifteen years after the writer had made his suggestion, the International Paper Company introduced the southern style flat car to the Main Central, which adopted it, and its use became universal. It is only fair to say that the bulldozed woods road, improvement in trucks and the adoption of cranes instead of conveyors for loading contributed to its success, but the writer still feels that the Company could have effected a substantial saving in loading and particularly in unloading cost in 1935, had the southern style car been given a fair chance.

Just after the war, more than the usual number of ideas in search of financing came to the Company, and under the circumstances they were given more than the usual attention. The writer remembers at least three which he investigated about this time, and while he has a deja vu feeling of having written about them before, he will tell briefly about them, as two, although the Company had nothing to do with them, have since come into wide use.

The first, which we know turned up in 1946, as the findings were reported to Sam Park in September of that year, was a process for making paper-plastic cups, the rights to which, originally held by American Type Founders Company, had been acquired by a small outfit in Berlin, Connecticut, which had thoughts of expanding into paper-plastic milk and food containers, at that time mostly waxed. While the plant was not in production when it was visited by the writer, his report was favorable. However, the Company's interest in the project lay in supplying paper, nothing

exactly suited having been found, and while efforts were made to produce a specification sheet for the purpose at Madison, they were not successful, and the matter was dropped. Paper-plastic products of the type envisioned have been in use now for a good many years, but we have no way of knowing whether any of them derived from this particular concept.

The second was a scheme to remove water from the wet sheet of paper on the machine by the use of high frequency sound. This was proposed by a fledgling company in Cambridge, Mass., which as we remember called itself Ultrasonics, Inc. The experimental laboratory equipment was crude -- a glass-enclosed chamber on top of which was mounted the sound system, and old air-raid siren driven by a small steam turbine, which could just barely get into the ultrasonic range. The writer got some stock and a bit of paper machine wire from one of the mills, with which he made a small hand-mold sheet which was placed in the chamber and exposed to the treatment. Some water was removed, tiny clouds of vapor being formed, but not enough to be encouraging. Had it been, the mechanical difficulties of an application to the moving sheet on a paper machine would have been very great, and the report was unfavorable. This principle has since been used in a number of cleaning processes, quite successfully, but it has never to our knowledge, been utilized in the paper industry.

The third was the Abell cycle internal combustion engine, which the inventors or the owners of the patent had put on a woods-type portable fire pump, choosing this particular equipment for demonstration because of the claimed low weight to horsepower ratio.

We do not recall any of the details of the engine except that it employed a sort of spool valve system which captured part of the exhaust and added it to the fuel mixture to slow down the rate of combustion. The writer was quite impressed by the demonstration, and made a favorable report, but internal-combustion engines were not exactly the Company's bag, and the matter went no further. Some time in the early 1960's the Abell cycle engine was mentioned in a brief AP dispatch as the possible automobile power plant of the future, but we have never heard any more about it.

A few last words on the year 1947. In this year, to the best of the writer's recollection, the Manufacturing Department began to add more depth to its mill organizations, largely by putting on tour foremen in most departments, and by giving more help to the mill Superintendents, to improve control of operation, and to have more people coming along. He is quite sure that this move began in that year, because he was instrumental in getting it started not long after he became Assistant Manager. It was not all done at once, the build-up extending into the next year. In the fall of 1947 the old isolation hospital at East Millinocket was sold for conversion into a dwelling. While we have no record, we think that the one at Millinocket had been sold for the same purpose before that time. Lastly, this year, the year of the great Bar Harbor fire, was very dry, marking the beginning of a drought which was to last, with little relief, for nearly four years. Storage was full on July 1st, but from that point dropped steadily, without the fall rains that usually built it back to some extent before the winter set in.

For 1948, the line-up of the Board of Directors and the various committees thereof was unchanged from what it was after the shifting around of the previous year. The same officers were re-elected, and Louis C. Stearns III of Bangor, who had joined his father, was added to counsel. Salaries of the officers remained unchanged. The first action of the year, taken in January, was the dismissal of Price Waterhouse & Co., which had audited the Company's books on a regular basis for twelve years -- since 1936. Before that, as we have noted, their services were periodical. The firm of Arthur Andersen & Co. was engaged in their place. This move was a direct result of the suggestion in the preliminary study that it was a good idea to change Auditors every so often "in order to obtain the benefit of diversification of thought". It was nothing but change for the sake of change. A quarter of a century later, as this is written, the Company's outside firm of Auditors is guess who? Arthur Andersen & Co., that's who. So much for "diversification of thought".

The Annual Report for 1947, which came out early in 1948, looked exactly like that of the preceding year, even to the color and ruling treatment, and contained the same kind of information, but no cuts. Instead, it was accompanied by another booklet of the same size, the cover of the same design, but titled "The North Country", containing, after a short foreword, nineteen photographs printed in green-black ink, showing Company properties and activities; the latter almost all connected with woods operations and wood delivery, with explanatory captions; and a map of Northern Maine on which were indicated the locations of the Company's plants, storage and power dams and timberland holdings. The pictures showed both cross-cut saws and bucksaws being employed in the woods at this time, which was correct. However, chain saws were beginning

to gain favor, and the President was insistent that something showing their use be included, to indicate that Great Northern was keeping up with the times. This proved to be a problem. There were not that many in use, and the writer, after rejecting half a dozen photographs as unsuitable, had to fall back on one of the rig which had been used by the mill crew in the little operation carried on during the war, a unique arrangement never used in the woods before or since, and the "woodsmen" were mechanics from the East Millinocket mill, but it was the best that could be done.

This booklet was designed by the writer, but both it and its name, to which he objected as seeming too much like the title of a James Oliver Curwood novel; objection over-ruled; were William O. McKay's idea. It was also his idea that on the back leaf, credit was given to J.F. McLeod for the arrangement; to Earl Bruce, the Bureau's jack-of-all-trades -- photographer, safety man and test assistant -- for the photography; to Ralph French of the Engineering Department for the map, and to R.H. Croswell, a commercial photographer, for an aerial view of the Millinocket mill used as the center-fold. This was not the only booklet-type material that had been put out by the Company, but the last, to our knowledge, had been twenty years before, between 1926 and 1928, when the Spruce Wood Department had issued at least three pamphlets. One of these, titled "Timberland Information", not illustrated, was put out in 1926. One called "Timberland Protection", containing a large number of charcoal drawings, and a letter to the public from Fred Gilbert, referring to the success of "Timberland Information", was issued in 1927. Both of these were primarily in the interest of forest fire prevention. The third is undated, and is to the writer's mind a strangely beautiful thing, 9" x 12", the cover a single 18" x 24" sheet of heavy, low-finish ivory-colored stock, uniquely

folded both ways, so that it was double, with a 4" x 6" photograph of Ripogenus Gorge and part of the dam pasted to an embossed panel, and no lettering whatever; the inside covers and end papers alike, each a two-page sepia spread of a picture of a lumber camp, the half-tone coarse-screened, so that the view is as if through a heavy snowfall; the body made up of full-page reproductions, black and white, of selected pictures used on the covers of the defunct "Northern", trimmed flush, with short captions in small boxes, each faced by a short poem, fable or epigram expressing some philosophy, framed in a conventionalized forest scene. This was called simple "Scenes in the Spruce Woods of Maine", and was probably put out in 1928 as The Northern's last gasp. However, it is our impression that the "North Country" booklet was the first thing of its kind ever sent to stockholders, and certainly the first with any Annual Report.

Engineering had always been of great importance to the Company, but the pressure of the increased activity that we have tried to describe was pushing it more and more to the front. Frank Bowler was over 70 years old, and unable to give the kind of aggressive leadership needed in this area. In 1947, an outside engineer had been hired as runner-up, but this did not work out, as we will see later; there was no one else coming along, and in March, 1948, William O. McKay asked the writer if he would be willing to take over the Engineering Department when it became necessary to retire Frank Bowler. The writer, after some soul-searching about his ability, said that he would, but a new development made it seem desirable for him to remain in Boston to help handle the situation, and decision on the move was deferred indefinitely, although there were some discussions about it, in one context or another, over the next couple of years.

What happened was that right at this time, in spite of all that had been accomplished, and the continuing programs that had been set up, as we have outlined these things, the powers that be suggested that an outside consultant be engaged to make another "technical survey". This was, we think, what really came of the report that we believe had been made by the president of another company. William O. McKay brought this word back from the April or May meeting of the Directors in New York, feather-white, unable to understand or to explain just what was intended, and throwing the Boston office into an uproar, because everyone felt that, from the results, the organization must have been doing at least something right, and did not really need any outside interference. The writer remembers this much more clearly than he does the sequence of subsequent happenings. He has before him his short, angry pencil memorandum, which was the basis of a discussion with the President, and which was followed by a much longer memo, dated May 24, 1948, enlarging on the first. This starts off:

> "Company has been in existence 50 years. It has grown from a 250 ton outfit to nearly 1200 tons, with the power and timberlands to go with it. Outside of the building of the East Millinocket mill, practically all this expansion of production has been effected in the last thirty years, with only one addition to manufacturing plant buildings, without outside financing, and largely with the Company's own organization."

It went on to list as Item A what had been done in the period between 1946 and 1948, including the improvement in earnings, and the fact that all this was in the face of two coal mine strikes, a

fuel oil shortage affecting Madison, a threatened rail strike and the driest water year on record. Item B is headed "Outside Survey", and comments: "In view of the above record, organization will be somewhat disturbed by an outside survey". (Note that "somewhat"; it was typical Boston office conservatese). "They will cooperate in every way, but they are going to be disturbed nevertheless. It may be that if we know what is wanted our own organization can produce the information at much less cost."

It then asked: "Is this survey to cover:

(a) Physical condition of plants, properties and finances?

(b) Efficiency of operation; plants and woodlands?

(c) Expansion and/or diversification? Present grades? New grades? Utilization of hardwoods and other unused woods in pulp and paper? Development of wood-using processes other than pulp and paper? Utilization of waste?

and then took these one at a time, pointing out that the physical condition of the plants was constantly being evaluated; that efficiency could be improved if the money were made available, listing fourteen areas as "a few examples"; and that as far as expansion was concerned, more paper could be made, but that decision had to be reached as to what kind; that if it turned out to be news a lot more power would be needed, and that "it might be well to await further revelation of the possibilities of atomic power plants before going into a large hydro-electric development". It pointed out that Charlie Carrier and Roy Weldon were already making a study of the use of hardwood for pulp; suggested the consideration of going into hardwood novelties or box veneer, and stated that there

were already ways to use the two principal waste products, bark and spent sulphite liquor, given the necessary equipment. A few days later, Creighton Stanwood prepared for the June meeting a formal Survey Report on the current costs of machinery, construction and repair materials and operating supplies as compared with those of 1939 - 1940, indicating an average increase of 76 percent. This included a Morton C. Tuttle Company construction cost index chart, showing that on a base of 100 in 1916 current construction costs were about 440, on which chart it was noted that the Company had built three hydro-electric stations (including the Dolby conversion), rebuilt both the big grinder rooms and replaced five paper machines, all very substantial jobs and all adding to either production or economy or both, in the period from 1926 to 1941, when the index never rose above 230, and was as low as 150. This was intended to bolster the management's contention, expressed in the writer's memo, that it had done well, but this effort did not touch any hearts, because at this point came the "enlightenment" of which we spoke -- the realization that what was expected was that the Company grow; not in the creeping fashion of the past thirty years, but dynamically; and that those who desired this did not really know the direction this growth should take, except that right at this time the idea was that it should be in the pulp and paper field, with emphasis on the utilization of hardwoods, pine, cedar and what-not, diversification being inherent in the fact that pulp that could be made from such woods did not lend itself to the making of newsprint, although expansion in newsprint was not ruled out. This revelation occurred when some time during the summer the Whitney group -- we do not say faction, because this indicates disagreement, and while as we have said, the old-line Directors did not agree, they did not disagree either,

at least not openly -- engaged Dr. Charles Carpenter to make a study of the Company, his terms of reference being, according to the title of his preliminary report the "Investigation of the Possibilities of the Expansion of Manufacturing Facilities in Newsprint or in Diverse Grades." Dr. Charles Carpenter, as a younger man had been Dr. Charles Herty's assistant in his successful studies of the use of southern pine for the manufacture of newsprint, and at this time was, we believe, a full-time technical consultant to the New York & Pennsylvania Company. His first report was submitted in October, 1948, and since for the next few years the Company was awash with studies and reports, we will put most of them aside, coming back later to relate them to each other as best we can, and go on at this time to discuss more mundane matters, some of which were more mundane than others.

The year 1948 was another disaster as far as water was concerned. It had begun with the reservoirs only about 30 percent full; they did not fill on the spring run-off, and while there was a little precipitation late in the fall, the Penobscot mills again went into the next winter with storage at only about 30 percent of capacity.

We have noted that the old driving dams were usually located at the tops of falls, so that if the falls happened to be at the foot of a lake or pond, they were, by the nature of things, on the ridge of rock, higher than the bottom of the pond, which had caused it to be there in the first place. This was the situation at the old dam at the foot of Chesuncook Lake, long ago flowed out by the Ripogenus Dam, but exposed when the water was drawn down, which was the case in the winter of 1947-1948, all storage

having been let down into the Lower Lakes. The bottom of part of the old structure had been blown out, but there behind that natural ridge of ledge were still a couple of feet of water, extending away up the lake. In discussions in Boston, the possibility of getting at this by blasting a channel through this obstruction came up. This long-shot idea was transmitted to Roy Weldon, who, after making soundings and taking levels, decided that it could be done. In February, 1948, he sent in Charles (Chick) Montgomery, Charlie Fklund's son-in-law and successor, with a small crew, an air compressor, drill rigs, a power shovel and a lot of dynamite, to see what he could do. It was a cruel job, working out on the ice and slippery rock, open to the wind howling down twenty miles of open lake, with sub-zero temperatures, and it went slowly. Regular reports of progress were telephoned to Boston; the cost began to run away over the estimate, and at a point when the job was fairly well along William O. McKay became panicky, decided it was not worth it, and ordered work stopped. Roy Weldon went up to look at it, and encouraged by what he found remaining to be done, telephoned from Greenville, pleading to be allowed to continue, but was told again to pull the crew out. He then asked to speak to the writer, who was sitting beside William O. McKay, explained where they stood to him, and said "John, if you don't get him to let me finish this job, I'll never speak to you again." It was finished -- a trench several feet wide through solid rock, about 1000 feet long; 800 feet above the old dam and 150 feet below, averaging 32 inches in depth -- and enough additional water drained out to run the mills for between two and three weeks.

In May, Frank Bowler and the writer jointly submitted a

Survey Report, proposing that arrangements be made to divert the water which could be stored in Millinocket Lake over into Ambajejus. It will be recalled that a dyke had been built between these two bodies of water perhaps a hundred years back, and at this time the full level in Millinocket Lake was 22 feet lower than that in Ambajejus. The Millinocket Lake water, which discharged down Millinocket Stream, was used at Dolby, East Millinocket and Mattaceunk, but by-passed the 138 feet of head developed for power at the North Twin dam and at Millinocket. Studies had been made of raising the Millinocket Lake dam, and building a canal into the Lower Lakes system, but the damages were prohibitive, and the report recommended a pumping station, estimated to cost $230,000, which by lifting the water 22 feet maximum, and through the dyke, would put it to use at a net increased head of 116 feet. Actually, a plan had been made for this operation in 1943, and had been proposed again very early in 1947, but legislation, which could not be prepared in time for filing, was required, and the next sitting was in 1949. This report, then, was for the purpose of getting approval while bad water conditions made the time propitious, but well ahead of any date that work could be started, and this worked. The Millinocket Lake dam, which for practical purposes was operated by the Company, really belonged to the Penobscot Log Driving Company as has been explained. Lou Stearns prepared a bill which called for an amendment to the P.L.D. charter, allowing it to store water in Millinocket Lake for power purposes, and to divert this water into Ambajejus. A special meeting of the P.L.D. Directors approved the action on January 31, 1949, and the bill was introduced and passed (Chapter 67, Private and Special Laws of Maine, 1949) in March. In May of that year the proposition, now ready to go, was put up to the Directors of the Company

again, and they appropriated $277,000 for it, the price having gone up. The scheme involved an entrance canal about 160 ft. long from Millinocket Lake to a pump house, two pumps, which as the nearest Company power line was seven miles away were driven by Ingersoll-Rand diesel engines, about 300 h.p. each, from memory, this figuring out cheaper than purchased current, and two 54-inch underground pipes, some 600 feet long, with gates in a concrete section built into the Ambajejus dyke. Work was started in July, 1949. On August 18th another special meeting of the Directors of the P.L.D. gave Great Northern the right to take the water, and the station was started up on what little water was available late in February 1950. A few years later, when the transmission line from the McKay station passed almost over the pumphouse, the engines were replaced by electric motors.

This diversion of water was good for about 2000 additional horsepower, intermittently, but it was a long way off in the summer of 1948. Casting about for some other source of more power, it was decided that the steam plant at East Millinocket could take more load, and search was begun for another second-hand turbo-generator set. It had to be second-hand; a new one would have taken too long to get. General Electric again came to the rescue, turning up a 2500 KW unit of their make, 40 cycle, practically a duplicate of the "Graf Spee", except that it ran condensing, at the plant of the Ludlow Manufacturing Company in Pepperell, Mass. This was inspected and found to be in good shape, and was bought and shipped to East Millinocket without any special authority, and also without knowing just where it could be located. This situation forced decision to shut down the old dutch oven for burning wood room waste, located in an extension on the river side

of the boiler house. This was connected to one of the brick stacks by a steel smoke pipe with a 90-degree elbow in it. This elbow had burned through some time before, and provided a beautiful display of fireworks every night; pretty to look at, but endangering the wood pile with a shower of sparks, and making it necessary to put on an extra log pile watchman in dry weather. The burner had been shut down, and the waste was being trucked away to a fill which had been started in the logan at the west end of the mill yard. A new smoke pipe had been purchased, but not installed, as there had begun to be considerable doubt as to whether this was not cheaper than maintaining the old burner and the long conveyor from the wood room. The generator decided the matter, as the burner building provided about the only existing space in which to put it. Consequently, the old dutch oven was removed, the extension was enlarged, the generator unit was installed, and got into service in February, 1949. However, it could be run at only part load, as it developed that there was not enough capacity in the supply pipe to the mill to handle the vast quantity of cooling water needed for the surface condenser, and in July the job had to be reopened and a separate 14-inch line, with its own pump, was run from the river to the boiler house, after which the unit could be operated at full load. Condenser water was piped back to the grinder room block tank to help remove ice from the wood in cold weather.

About the only other event of the year 1948 to be noted here was approval by the Directors of a contribution of $100,000 toward the construction by Central Maine Power Company of the Long Falls Dam, creating the Flagstaff flowage on the Dead River, under the

Kennebec Reservoir Company charter, which we have mentioned previously. This of course was of benefit to the Madison mill. It involved a complicated agreement between all the users of the water of the Kennebec River for power, so that each was guaranteed an amount of flow agreeable to it, as long as there was controllable storage, and placed the regulation of flow in the hands of the C.M.P. Co., through the Kennebec Water Power Company. Negotiations on this matter had been started back in the 1920's, during the great controversy over control of the State's rivers in Governor Percy Baxter's time.

No change was made in the Board of Directors, its committees or the officers and counsel at the beginning of 1949, and no officers' salaries were adjusted. However, Bryan Seelye, while remaining Clerk, and continuing to handle the Townsite affairs and the Water Companies, stepped down as Auditor. He was replaced by Leslie G. Kewer, and Donald F. York, of the Auditing Department staff, was named Assistant Auditor.

At the Annual Meeting on January 19th, the stockholders approved of increasing authorized capital stock from 1,000,000 to 1,200,000 shares, $25 par. This move was suggested by Fustis Paine. There was no immediate need for it, and the Directors, as noted in the proxy statement, had "no present plans to issue the new stock". The real reason was to have a kitty, just in case, as was common with most corporations, the Company having had for a long time less than 2,000 shares unissued, and we have seen that it had even had to buy on the market to get stock to sell to employees. No legislation was necessary, as in 1917 the charter

had been amended (Chapter 33, Private and Special Laws) to allow the Company to increase the amount of its capital stock as the Directors might feel the need for it, on a 2/3 vote of the stockholders, and to sell or otherwise dispose of it "in any lawful manner to such persons as the board of directors of said company may determine". Sheldon Wardwell, however, got things all fouled up by forgetting this amendment, writing to Dick Croft on November 12, 1948: "Under the Maine statutes, unissued stock must be offered to stockholders unless by amendment to the Articles of Organization stockholders release preemptive right by vote of not less than 90 percent of those voting". This indicated certain limitations on the possibilities for employment of the additional stock, and set off a flurry of correspondence and conferences between Sheldon Wardwell, Dick Croft, Lou Stearns, William O. McKay, and the Secretary of State of Maine, that is, and involved reference to the original charter and amendments, and public laws back into the 1880's. The whole thing was a tempest in a teapot, but it had some points of interest. Lou Stearns convinced Sheldon Wardwell that Stockholders' rights were not preemptive, but insisted that a simple majority vote was sufficient to authorize the new issue, under the general law, then changed his mind and decided that the 2/3 vote provision in the 1917 amendment prevailed. There was a little flak from stockholders about the dilution of the stock, and while fending this off, Sheldon Wardwell seems somehow to have got the idea that he had proposed the increase himself, and also invented another reason for it. While in the letter of November 12th, from which we have quoted, he said: "You will remember that Mr. Paine suggested the advisability" (of an increase in the capital stock), he wrote in a letter to a stock-

holder on January 20, 1949: "Perhaps because I initiated the proposal for an increase...."; and to another, on the same date: "....my immediate concern was to have stock available if a stock dividend became advisable..." There was also a little flap about the proxy form, which some stockholders complained afforded no clear opportunity to vote "No", but with some 800,000 shares in favor, this did not much matter. None of this stock was issued at this time.

The Annual Report for 1948, put out early in 1949, began to be a little more imposing, although not much more informative. The cover design and the forest green color treatment were unchanged, but the size was increased to 7" x 10", and black-and-white cuts were scattered through it, in addition to a back picture section all having to do with the water power and storage system. This last was intentional, this being just the time when the Power Survey Committee of the New England Council had issued a report on power in New England, which a little later was to figure in a now-probably-forgotten controversy with the Army Corps of Engineers. There was even a two-color pie chart showing the distribution of cash for the year. There were a couple of amusing things about the pictures in this report, too. The first photo was of the wet end of the new No. 4 paper machine at the Millinocket mill. This had to be taken on a Sunday, when the machine was down and repairs were being made. One of the writer's gripes was that almost every picture of a mill interior had a ladder in it somewhere, and he had been careful to warn about this when specifying this picture, but while the machine was all nicely cleaned up, lo and behold there was a ladder, big as life and too late to do anything about. The "machine tender"

in the photo, watching the cut-off at the flat boxes with a professional eye, incidentally, was really the Lubrication Foreman! There was also a fine photograph of a section of a modern chemical laboratory, and we must tell the tale about this. The emphasis on improved laboratory facilities, and the Survey Reports on this matter have been noted. In 1948, office space was made in the attic on the third floor of the west wing of the Administration Building, and with some other changes the Auditing Department people were moved out of the old laboratory in the east wing. Very late in the year this was in process of being restored to its original purpose, with new piping, wiring, lighting, ventilation and the like being installed, and early in 1949 new equipment had been ordered for it. William O. McKay, obsessed by the necessity of showing progress, absolutely demanded that the Annual Report contain a picture of the new facility, which was nowhere near completion a few days before the printer's deadline for making the booklet ready, and the writer was sent up to Millinocket to do what seemed to be impossible. New sinks, benches, fittings, furniture and light fixtures had arrived, but were still in their crates and boxes, and the room was in the usual confusion of construction, with tools and material scattered about, pipe and wires sticking out of the floor, and everything coated with dust. However, "needs go when the devil drives", as the old saying is. All the clutter was piled in one corner, the light fixtures were hung up unwired; two walls were painted out; the floor was washed; some of the new furniture and equipment was uncrated and set up against the walls and over the unfinished piping; the fittings were stuck up on the new sinks, unconnected; glassware and instruments were set around in orderly array; several

of the staff, including a young lady -- there were two girls working as test assistants at that time -- complete with rubber aprons, made like they were at work, and a very phony but very credible photograph was obtained, which the writer brought back to Boston barely in time to get the plate made.

The claims for refund of Federal income and excess profits taxes on account of replacement of the inventory of wood depleted during the war had by no means been settled by the procedure outlined earlier in this chapter. In 1946, a further claim of $151,000 had been set up in Assets, and by 1949 this had grown to $825,000. In this year, the I.R.S. had questioned the procedure for the years 1944 through 1947, and advised that it was re-computing the taxable income for those years. The Auditor's note in this 1949 Annual Report stated that "any action by the Bureau (of Internal Revenue) which would result in reducing the claims will be protested". It did, and it was, quite successfully. At the end of 1950, anticipating the Annual Report for that year, claims for tax refund, shown as Assets, amounted to $919,000, and in June, 1951, Luke Lockwood, for Carter, Ledyard & Milburn, reported that the joint Congressional Committee on internal revenue taxation had granted the Company's claim "for tax refund for the years 1941 and 1944 through 1947 inclusive, the amount of the net refund $769,689.59", which the Directors voted to accept, and the claim disappeared from the books.

It may be recalled that back in 1922 we left the Canada Falls dam with two new concrete wings 100 feet downstream of a wooden gate section, to which they were connected by cribwork. This old

timber was in poor shape, and with water precious, in April, 1949 on the recommendation of the Spruce Wood Department, $180,000 was appropriated to build a new concrete and steel gate section between the 1922 wings. This job was started immediately, and was finished in that year.

Also, away back somewhere, we listed twelve subsidiaries which appeared on the Company's records in 1918, and noted a number of others which for one reason or another were then in existence, but not so listed. A number of the log-driving companies in the list were mentioned briefly in an earlier chapter, and in various parts of our story we have told what we could about some of these companies and others which came and went over the years. Since the Canada Falls Dam Company comes up at this time, this might be as good a place as any to dispose of those subsidiaries of the old Company which we have not already covered. None of them had long to live.

As of January, 1949, there were twenty-five subsidiaries listed, as follows:

Ashland Company
Big Black River Dam Company
Brassua Associates
Canada Falls Dam Company
Carabassett Dam Company
Fast Branch Improvement Company
Heron Lake Dam Company
Kennebec Log Driving Company
Kennebec Water Power Company
Knox Lime Company
Mattawamkeag & Northern Railroad Company

Millinocket Water Company
Moxie Dam Company
Nahmakanta Dam Company
North Branch Dam Company
Northern Water Company
Penobscot Lake Dam Company
Penobscot Log Driving Company
Pope Appliance Corporation
Sawtelle Brook Dam & Improvement Company
Seboomook Dam Company
Sourdnahunk Dam & Improvement Company
Stratton Brook Dam Company
West Branch Driving & Reservoir Dam Company
Wood Stream Improvement Company

We have covered all of these except a few of the log driving companies, on which we will now give such information as we can, taking first those on the Kennebec watershed.

The Carabasset Dam Company was incorporated in 1907 by A. Ledyard Smith and others representing Great Northern, which owned it 100 percent. It was empowered to build dams and make improvements on this stream and its tributaries in New Portland, Mt. Abram, Crockertown, Kingfield and "Treadwell Plantation", the last perhaps what is now called Jerusalem; we are not sure; lands in these towns having been purchased before and shortly after that date. It was important in these early days of pulpwood in log form, because the spring freshet on the Carabassett came on very strong, and ran off very quickly. In 1949, however,

the facilities which may have been built had not been used for a very long time, and there was very little prospect of any future improvement being made under this charter.

The Wood Stream Improvement Company was chartered in 1909 by Garret Schenck, A. Ledyard Smith, Fred Gilbert, et al, that is, by the Great Northern Paper Company, by which it was wholly owned. It had the right to build dams and make improvements on the stream which gave it its name, in Forsythe, Attean and Dennistown, for the purpose of driving wood out of this area, Forsythe having been purchased in 1899; and there is record of at least twelve dams having been built by it at one time or another. It too had long been inactive, and by the time of which we write, wood could be hauled quite easily from this region to Penobscot water.

In 1952, it was decided to do away with all such subsidiaries, and the above two companies, along with the Pope Appliance Corporation, were dissolved by decree of dissolution. This clean-up of subsidiaries was for tax purposes, not because all the log driving companies which were included were not needed. Many of them were, and these, some of which we have already told of, and some of which we will tell, were merged with Great Northern, their rights being kept alive.

The 1918 list included a Moose River Log Driving Company and a Dead River Log Driving Company, both of which had disappeared by 1949. The former was chartered by the Bradstreet and Coburn interests in 1879, and the latter probably about the same time, certainly by 1881, at which time its charter was amended. We have no information on either of them. Moose River perhaps dis-

appeared at the time the Brassua storage was built on that stream, and Dead River probably went into the Central Maine Power Company's Kennebec Reservoir Company, although these are conjectures. Anyway both had been gone from Great Northern's list since the 1930's.

The story of the Moxie Dam Company is a bit more complicated. It was incorporated in 1911 by a group which included Fred Gilbert for the Company, and had the right to build dams and make improvements for log driving on Moxie Stream, Moxie Pond, Baker Stream and Baker Pond and their tributary waters in T.1 R.3, T.2 R.3, T.1 R.4, T.2 R.4, T.1 R.5, and T.2 R.5, all B.K.P. survey. The principal owners were Great Northern and Hollingsworth & Whitney, and in 1949 Great Northern held 90 percent of the stock.

The improvements made were used for log driving originally, but gradually fell into disuse, with the exception of the dam on Moxie Pond, which eventually became valuable as a storage reservoir. It is a little confusing that the Kennebec Water Power Company, which was incorporated in 1893, had the right to flow Moxie Pond, but not to "interfere with the free use" of the water of this pond "as heretofore used", that is, for log driving. For this reason, we suppose, while the flow from Moxie was for all practical purposes controlled by the Kennebec Water Power Company as part of the whole storage system, this was done by permission of the Moxie Dam Company, given from year to year.

A number of summer camps and hotels were, in the course of time, erected on the shores of Moxie Pond, and late in 1951, suit was brought against the company by a number of camp owners, who claimed that wide fluctuations in the level of the pond, inherent in its use as storage, were raising havoc with fishing, and with the use of boats, on which their businesses or recreation depended,

and that these fluctuations were caused not by the use of water for log driving, but for "unlawful purposes" -- meaning for the generation of power -- and demanded a permanent injunction against such action. The Moxie Dam Company, after consultation between the attorneys representing Great Northern, Hollingsworth & Whitney and the Central Maine Power Company, which essentially controlled the Kennebec Water Power Company, filed a demurrer, claiming that the plaintiffs had no property rights in the public landing, the fish in the pond, or the land under it, and that no injunction could define its rights better than its charter did, asking for a ruling as to whether it had to make any other answer. In May, 1952, the court sustained this demurrer. The camp owners appealed, but the appeal was dismissed in November, the dismissal being confirmed by the Supreme Court. However, the camp owners did not give up easily, and a new suit was instituted on their behalf by the Attorney General in March, 1953. This, for some unknown reason, was addressed to the "Superior Judicial Court". In May, it was thrown out by the Supreme Court, on the technicality that there was no such thing as a "Superior Judicial Court", and there was no further action. This Company was not washed out in the general clean-up of subsidiaries in 1953 and 1954, but was carried on the books at no value. When the Madison mill was sold, the towns of Fast Moxie and The Forks were retained, as it was only a short haul from them to a branch of the Bangor & Aroostook, and the wood from them could be shipped to the Penobscot mills. However, within a few years this line was abandoned. At this time, a group made up of Central Maine, the Scott Paper Company and some other users of water offered to buy the Moxie Dam Company, at a

middle five-figure price, but this would have meant a substantial taxable gain, so the stock was given to the Company's charitable trust, recently set up. It made the sale, and in this manner the Moxie Dam Company passed out of the Company's hands.

The Stratton Brook Dam Company was chartered in 1907 by one Albion L. Savage and gave him the usual right to build dams and make stream improvements, for the use of which he could charge tolls, on Stratton Brook and its tributaries in Wymantown. In its latter days, this insignificant charter caused some interesting legal excitement.

In 1907, the land in the town was owned by the Coburn Estate. No dam corporation was ever actually formed, but in 1928, Albion Savage sold the charter rights to the Great Northern Paper Company. Some time in the early 1920's, the town was purchased by the East Branch Land Company, which was owned by the Dorcourt Company, this being essentially one Walter Powers, a lawyer; the A.L. Lumbert Estate, which he represented, and Janet Gilbert, wife of Charles Gilbert, F.A.'s brother, and was mortgaged to the Old Colony Trust Company of Boston. Walter Powers sold at least part of the stumpage on the land to Great Northern, and gave them a deed to the flowage rights, with permission to build additional dams. This deed was lost, and never recorded. The wood bought by the Company was cut and driven between 1926 and 1930, and at least one additional dam was built in the process, causing a dispute over the value of the flowage, finally settled in 1936 for $600. In 1936, the East Branch Land Company and the Old Colony Trust Company gave Great Northern a new deed to replace the lost one, on a nominal

payment of $135. This covered the right to maintain the two then existing dams, one on Stratton Brook and one on Jones Brook, and the East Branch Land Company was to be allowed to use these dams to drive logs or pulpwood free of toll.

In 1944, after some complicated dealings which we will not bother to go into, half of Wymantown and other land in the area was owned by the New England Trust Company, under a trust agreement with Martha A. Powers, and the 10,000,000 feet of stumpage on it by the Dorcourt Company. In 1950, Walter Powers decided to have somebody cut this wood, expecting that whoever cut it would drive it out of Stratton Brook, but the dam had been allowed to fall into disrepair; in fact, it had been burned, and was unfit for driving. Finding that it would cost somewhere between $1500 and $3000 to repair it, he decided that it was the obligation of the Great Northern Paper Company, as owner of the rights under the charter, to put this and any other dam that might be needed for driving the stream, back in shape. This could have opened up a whole barrel of worms in other places where dams had been abandoned, and Bill Hilton told him no soap, but that he would sell him the charter rights for $1.00. Walter Powers, a tall, thin skinflint, with red hair, a Kaiser Wilhelm mustache and litigeous leanings, threatened to go to law. Lou Stearns was willing to take him on, but Sheldon Wardwell was not so sure. Bill Hilton sent a man to look over the situation, and reported to Sheldon Wardwell that an operator already cutting pine on the land was trucking it to Canada; that nobody was interested in a contract to cut the pulpwood, and that his investigator's conclusion was that Walter Powers wanted the dams rebuilt and Stratton Pond restored to charter

level so that he could put a sporting camp development on it. In October, Walter Powers filed suit in the name of the New England Trust Company and the Dorcourt Company, seeking a writ of mandamus -- that is, an order requiring the Company to carry out the obligations of the original charter as imposed by the law as he saw it. Lou Stearns prepared an alternative writ, which was normal procedure. At the preliminary hearing, the single judge refused to move for dismissal, Lou Stearns writing to Sheldon Wardwell: "Mr. Hilton is very much disgusted and perturbed at Justice Williamson's denial of our motion. I do not take it as seriously as he does, and it would not surprise me if, on further hearing, Williamson might quash the alternative writ, or refuse the peremptory writ, whichever is the proper proceeding."

It will be recalled that most of these dam charters allowed of tolls at some rate to pay for the original cost of the dam and interest on the investment, and reduced tolls thereafter, sufficient only for maintenance, and this charter so provided. On November 17, 1950, the judge both denied the original writ and quashed the alternate, largely on the ground that there had been no tolls charged for a very long time, and hence no obligation to spend money for maintenance.

Walter Powers, being a very stubborn man, appealed to the Supreme Court. The case was heard on May 9, 1951, and he lost again, the court ruling that the Dorcourt Company did not cut logs, but only sold stumpage; had no logs ready to be driven, and that if it sold any stumpage there was no surety that the purchaser would use the stream for driving; that forcing the Company to rebuild the dams might be a wholly futile thing, and that it had no

obligation to do so. The decision still left open the possibility of a suit for damages, but Walter Powers offered a compromise -- that his principals would release the Company from any claims they might have for repair of the dams or for any other damages, in exchange for the easement granted in 1936, the dams themselves, or what remained of them, and any other property that Great Northern owned in Wymantown. As it owned nothing but the dams and the land on which they sat, and had no further interest in them or in the easement, approval of this deal was voted at the September, 1951 meeting of the Board. Sheldon Wardwell insisted, however, that Walter Powers also be required to accept an assignment of all the rights and obligations of the 1907 charter, although this had not been specified in the vote. This condition could have put him in the position of being on the other end of the stick some time, and he turned it down. It was now almost necessary to get rid of this incubus. It was first decided to go to the legislature for repeal of the charter, as there was no corporation to dissolve, but on second thought, rather than risk possible opposition to this, in December, 1952 the rights under the charter were transferred to the Carabassett Dam Company, which, as we have noted, was dissolved the next year.

The Kennebec Log Driving Company and the Kennebec Water Power Company were really associations, and as far as we know, Great Northern's interest in them ceased with the sale of the Madison mill.

On the Penobscot watershed there are a few log driving subsidiaries which we have not told much about. Mention was made in another place, for instance, of the Nahmakanta Dam Company,

which had the right to build dams on Nahmakanta Lake, Rainbow Lake and Pollywog Pond and the streams and tributaries in their watersheds, under a charter dating back to 1837, which lapsed, another being granted in 1867. This company came to be controlled by the Penobscot Development Company, Great Northern having only a small interest. A number of driving dams were built in this area, and there are many fearsome tales of things that happened there, for which we find no place in this story. Great Northern built a number of dams under this charter, by agreement, some as late as 1924. Also by agreement, the water from these three reservoirs was controlled by the Company, and was counted as part of the storage in its small pond system. We believe that Great Northern's small interest was simply turned over to the Penobscot Development Company in the purge of log-driving subsidiaries, but that it still maintains the Rainbow Lake dam, which carries only 5 feet or so of head, and still includes this flowage as storage.

The Penobscot Lake Dam Company, also previously mentioned as being chartered in 1887, this charter being amended in 1891, had the usual right to erect dams on Penobscot Lake and on Penobscot Brook down as far as Canada Falls; on Long Pond and Long Pond Stream, and on Dole Pond and Dole Brook to its mouth, and on the tributaries in these watersheds. A number of dams were built very early under the charter. Great Northern acquired some of the stock in this company in 1910, and owned it 100 percent by 1914. Between that date and 1923 the Company made extensive repairs, and put in a very interesting sluice development, under this charter. In 1916, a dam was constructed below Cheney Pond, creating a flowage, the Cheney Pond dam was rebuilt, and a sluice

somewhat over 3000 feet long was built to connect the two flowages. At this same time, or perhaps just a little later, another sluice, some 4000 feet long, was built between the Penobscot Lake dam and Cheney Pond, by-passing some very bad driving water. These sluices were very substantial structures, intended for logs as well as short wood, and were partly carried on heavy trestlework. In 1923, an even more ambitious third sluice was built from Portage Lake, on the Quebec side of the border, to Penobscot Lake. This was about a mile and a half long, and a lot of wood was put through it. It was of doubtful legality, as it was diverting Canadian water into the West Branch, but it is our recollection that by the time anyone got around to making a serious issue of the point, it had served its purpose, and was abandoned. The Penobscot Lake and Dole Pond dams have been maintained, and form part of the small pond storage system, and the Penobscot Lake Dam Company was merged with Great Northern in 1953.

The biggest of them all, the West Branch Driving & Reservoir Dam Company, was very active throughout its whole life, handling all the logs and pulpwood that came down the West Branch after 1903, from Seboomook to Shad Pond, and, after the P.L.D. stopped driving, to East Millinocket, we believe by agreement; maintaining the North Twin Dam, the old Chesuncook Dam, the Ripogenus dam which replaced the latter, and a number of others; building and rebuilding piers; making, placing and replacing mile upon mile of boom, operating a fleet of boats, large and small, of all the types that were used over the years; putting up and maintaining buildings connected with the driving operations, and operating commissaires, wangan and supply depots. Like the other log driving

subsidiaries, it was to all intents and purposes, at least all the writer's time, run as a branch of the Spruce Wood Department, with no organization of its own, and when one referred to "the Company", in connection with the drive, that really meant Great Northern. However, separate books were kept on its costs, and it charged tolls to Great Northern and others, as allowed by its charter. By the 1920's, Great Northern had become its only customer, and as far back as the writer can remember, it ran at a loss, which was absorbed by the Company. In 1951, for instance, the various log driving companies showed a deficit after tolls of nearly $300,000, of which $220,000 was incurred by the W.B.D. & R.D. Company. For some reason which no one could explain, this deficit was set up for years as an expense which was never included in the cost of wood. The writer caught up with this at the time William A. Whitcomb had him working with the Spruce Wood Department, and, after an argument with Bill Hilton, it was thereafter added to Spruce Wood overhead. The West Branch Driving & Reservoir Dam Company also was merged with Great Northern in 1953.

There were a number of dam companies which the Company operated which for some reason never appeared, as far as we have found, in the list of subsidiaries the stock of which was to be voted. The best example is perhaps the Ragged Lake Dam Company, of which we have written in another place. This was chartered in 1874, but we do not know how it came to be controlled by Great Northern. There was the Russell Stream Dam Company, chartered in 1870. The Pine Stream Dam Company, chartered in 1913, was owned by the Cassidy interests. Nevertheless, the Company

built dams on these waters at one time or another, and literally hundreds of others all over the country, by what right we have been unable to determine. Many of these structures were of course temporary, and were charged off to the operation with which they were connected, but the Pine Pond flowage was included at one time in the Company's small pond system. We can however account for the complex of dams around Caucomgomoc Lake -- the Caucomgomoc dam itself, and dams on Shallow Lake, Poland Pond, Loon Lake, Bear Pond and Daggett Lake, all part of the Company's small pond system in the 1930's, and all but two still included as this is written. An 1883 amendment to the Penobscot Log Driving Company's charter allowed it to build a dam at the foot of Caucomgomoc Lake, and the others probably were permitted under this or other amendments, the Penobscot Log Driving Company's rights of course passing to the West Branch Driving & Reservoir Dam Company in 1903.

So much for the old subsidiary companies. We have put the log driving companies into this segment of our story, rather than into that part of it which will deal with the activities of the Spruce Wood Department -- although there will be reference to some of them there also -- because as subsidiaries, they were, like the Knox Lime Company and the Pope Appliance Corporation, part of the Company's financial structure, and because the disappearance in the early 1950's of all these old familiar names was one of the signs of the change that was taking place in the old Company. But now back to the year 1949.

Williamson Pell died on August 22d. The Directors' trite memorial: "We, the Board of Directors of the Great Northern Paper

Company hereby inscribe upon our records this tribute of the admiration and respect for his ability, integrity and thoughtful consideration for the rights of others. He had a great influence in the affairs of our Company over a long period of time. The Company has lost an able leader and the members of the Board have lost a helpful and considerate friend" might have been copied from some handbook, but his death caused real sorrow to the Boston people. He was the last of the New York old guard, the successor to Payne Whitney and the Ledyards. He was truly considerate of the rights, and the ideas, of others, and had been a tower of strength to William O. McKay and hence to the people in his organization, although few of them had ever seen him. Immediately elected in his place was Barklie McKee Henry ( ), a Trustee of the United States Trust Company, the New York Hospital and the Rockefeller Institute for Medical Research, preserving the U.S. Trust Company connection.

This was the third straight year of drought. While extraordinary measures to conserve water had left a little in storage in the spring, the run-off was poor; the reservoirs were only about 60 percent full at the peak early in June, and there was almost no fall rain, so that at the end of the year there was less than 3-1/2 billion feet left in the storage system -- about six percent of capacity, and not much more than enough to wet the bottom of the Lower Lakes. Starting in this year, and continuing into the last quarter of 1950, groundwood pulp was purchased wherever it could be found -- the whole northeast was short of water power -- from the Hollingsworth & Whitney mill at Madison, from St. George, N.B., and from Riviere Du Loup, Breakeyville, Baie Comeau and Clark City, P.Q.; and when this was not enough, from Europe, mostly from Norway.

In addition, all the power that the Bangor Hydro-Electric Company could supply was used on converted grinder motors at East Millinocket and on a number of temporary 60-cycle motor installations, and small gasoline and steam engines were used to drive mill machinery wherever they could be utilized. All this, with the chemical pulp content of the sheet jacked up by about 5 percent -- all that could be squeezed out of the sulphite mill -- stock cost in 1949 and 1950 was about $8.00 a ton more than it had been in 1946, before the dry spell. This included some increase in the cost of labor, but there was practically no change in the cost of pulpwood to the mills during this period. Fuel cost per ton of paper also went up about $2.00, at least partly from the increased use of steam.

The only other source of quick power that could be dreamed up was a diesel engine installation. This was investigated, and in October, 1949, with only about 10 b.c.f. of water in storage, the Directors authorized the expenditure of $165,000, at the discretion of the officers, for diesels. Work had already been started in anticipation of such approval. The writer had located three units, which were purchased immediately from stock in Newark, N.J. These were, as the writer remembers, General Motors war surplus submarine engines, rated 1200 h.p., with 800 KW, 6600 V, 60 cycle generators, which, when rewound for 40 cycles and operated at 40-cycle speed, turned out about 600 KW each. The rewinding was done very quickly, and the first unit arrived before the end of October. All three units, complete, were on the job by the end of November. They were installed at Dolby, there being plenty of room for four, located in pairs, at the river end of what had been the old grinder

room. Steel supports were placed over the tailrace flumes, a spare 10-ton crane was moved down from the Millinocket generator room, a 25,000-gal. fuel tank was placed beside the existing spur track near the old wood room; day tanks, oil coolers, cooling water supply, exhaust system, silencers, switchgear and wiring were all in, and all units in operation by late December, No. 1 going on the line on December 9th. No great difficulty was experienced, as far as we can recall, except in phasing in these small generators. A fourth unit, just like the others, shipped from Sausalito, California, was installed in 1950, starting up about the end of July, and at this time a second fuel tank was added, and a dyke was built around the two.

Recapping this dry spell starting in 1947, storage was down to less than 5 b.c.f. before the run-off started in the spring of 1948. With some fall rain, and a long January thaw, about 10 b.c.f. was carried over in the spring of 1949. The 1949-1950 winter was mild, fortunately, keeping natural flow fairly well up, and although in the spring of 1950 storage was completely empty from the first of March until the middle of April, the dribs and drabs of power which had been added, together with power conservation measures, the use of all the sulphite that could be made and massive purchases of groundwood pulp kept all the machines in operation. As a matter of fact, throughout this period of water shortage, production was maintained at a level above that of 1946. The spring run-off in 1950 was a disaster, storage peaking in July at little more than 50 percent of capacity, but the drought was broken by torrential rains and mild weather, starting in November and running through December, and the power situation got back to what might be called normal, if there was any such thing.

To the best of the writer's recollection, it was late in 1949 that the Company began to pay like real attention to accident prevention, and this came about in a rather peculiar way. There had of course been a safety program of a kind, going back to Garret Schenck's time; his mention (in Appendix D) of safety devices and the protection of workmen will be remembered; but while it was not policy to allow unsafe conditions or permit unsafe acts, there was no real steam behind the effort to eliminate them. The mill Superintendents, while they knew what the policy was, seemed to feel that it was useless to try to get their supervisors to back up the Bureau, which, while it was supposed to be looking after the safety of the employees, had only a part-time man on the job. Copies of the reports to the Industrial Accident Commission, and periodical statistical reports on accidents came to the Boston office, but nobody paid much heed to them. Lester Smith was at this time devoting himself entirely to traffic, leaving insurance detail to Sal Whittam, who was officially the Office Manager, and had little knowledge of mill or woods working conditions. The insurance people had a man making regular inspections and reports, but they were not making any great fuss, and while there was always a furore when there was a bad accident, we would have to say that no one, the writer included, was putting much thought into the matter.

We have described the insurance situation in another place, and this was the time, with changes taking place in the Company, which, while not very visible as yet, were getting around, that insurance firms who had never been able to get any business, began to turn up in numbers. Some time in the winter of 1949, a representative of one of the more persistent, particularly interested in

the Workmen's Compensation account, got an audience with the President, and put on a real hard sell, during which he made the statement that the Company's accident frequency record was far worse than that of most other paper companies. This went right by William O. McKay, who hardly knew what an accident frequency figure meant, but it outraged Sal Whittam and the writer, who were present. While not too sure of their own ground, they held a quick conference, and the writer cornered this man in the outer office, telling him to either produce figures to prove what he had just said, or stay away from there in future. In a few days he was back with figures; they were checked out, and damned if he wasn't right. This, the writer felt, was a serious reflection on the Company, and that such a situation could not be allowed to continue. He went back to William O. McKay; told him that the man was right; that the Company's record was atrocious, and that something should be done about it. The President, without hesitation, told him to get busy and do it, and that he would back him up. At this point, we ask again to be pardoned for so many references to our own activities, but this is almost unavoidable, because in the writer's peculiar position, very little was going on in which he was not in some way involved, and he can best tell about many things from his own experience.

Thinking over the problem, it was his conclusion that while a lot of things had to be done there was little chance of their being productive without the cooperation of the supervisory force, and that given the background, the only way they could be brought into line was by shock treatment. Accordingly, his first move was to call a mass meeting of the supervision, mill Superintendents

and all, of the two Penobscot mills, and laid it on them heavy, making a very tough speech that really jolted most of them into a sense of their responsibility. He had plenty of ammunition. The figures for 1949 and for the Madison mill are not available; as we said, nobody was paying much attention in 1949, and the Madison figures went with the mill, but in 1950, even though some action had been started during that year, the accident frequency figure (lost time accidents per 1,000,000 man-hours) was 58.8 at Millinocket, 47.4 at the Lower Mill, and about 150 in the woods operations. Following up this meeting immediately, Earl Bruce, who had been covering the mills and the woods operations almost on his noon-hour, was freed up to really supervise accident prevention work, and was given an assistant, who was assigned to the Millinocket mill, and one of the East Millinocket foremen, Bob Montgomery, was put on accident prevention there. At Madison, the duty was given to the Assistant Superintendent, and a full-time bi-lingual Safety Director, Henry Deabay, was added to the Spruce Wood Department organization.

The writer, heading up the whole thing as far as the mills were concerned, knew that more than jawbone was required. There had to be what was in effect an advertising campaign; something highly visible to and directly involving the workers, who were the people having the accidents, to supplement the efforts of the supervision. He therefore devised what was then a rather spectacular safety contest program. All the men in each mill were assigned to numbered teams, eight teams at each plant, as we recall, each made up of a roughly equal number from the different departments, to spread risk evenly. The men in each team were given an identifying

button, and each team had a numbered pennant, which was flown below the Stars and Stripes on the mill flagpoles, the team with the best record each month displaying its banner for the next month. This scheme was received with general enthusiasm; a great deal of rivalry developed; and a little later a pair of safety shoes was awarded as a prize each month to each member of the winning team. The insurance people were asked to take a more active advisory and training role, and did so. A commercial safety poster program was bought, and a team record chart was prominently displayed at each mill. As additional advertising, the writer obtained an appropriation to correct some obviously unsafe conditions, to provide better lighting around the paper machine winders, and to repaint the Millinocket and East Millinocket mills, the coded color scheme worked out at Madison replacing the discouraging gray. This had the side-effect of making obvious other moves to make things more pleasant and safe. Madison showed the most improvement first, and this was waved in the face of the other mills, while improvement in all plants was flaunted before the Spruce Wood Department. Perhaps most important of all was a blizzard of admonitory and sometimes blistering letters to the mill Superintendents on any and all evidence of slackness, written by the writer and signed by the President, putting pressure on right from the top.

All this activity, in rapid-fire order, along with the relentless pressure, produced real results, although not by any means over-night, and the program had to be constantly changed, over a period of years, to keep interest alive. We will not go into all that was done, nor the gimmickry that was used, but will just say that in 1951 the frequency figures at Millinocket and

Fast Millinocket were down to 36.9 and 24.6 respectively; in 1955, when the Personnel Department was organized and took over the supervision of accident prevention work, they were 15.0 and 3.3, and in 1959, the year the writer retired as Manager of Personnel, 6.5 and 1.3, the Company's first known 1,000,000 man-hours without a lost time accident, the standard of performance, being reached at the East Millinocket mill between December, 1958 and June, 1959. It is highly unlikely that any such event occurred before records were kept. Safety-consciousness had been firmly established. For some years after that, 1,000,000 man-hour records were almost commonplace. We are sorry to have to say that the situation deteriorated to some degree later on, but has never slipped to anywhere near a point reflecting what the writer called the butcher-shop figures of 1949. By 1951 the Spruce Wood Department figure was down to 101; in 1955, with three full-time safety men in the woods, to 22, and in 1967 was as low as 13.5, and then unfortunately started up again. However, in recent years we do not believe it has averaged higher than 30; a far cry from the conditions of 1949.

We are not yet through with this year 1949, if you are still with us. The way our story is written reflects the way things were, with everything happening at once, and a few people mixed up in everything. It is still this way to some degree, but not to the point where the Assistant Manager of Spruce Wood was making studies of a new mill for the Manufacturing Department; the Assistant Manager of Manufacture was investigating the honesty of a woods contractor, and the Superintendent of the Millinocket mill was helping with his own hands to put up a flagpole for the new municipal building, without any feeling that anybody was under-

cutting anybody else. Anyway to complete this part of our story for that year, the Directors appropriated $120,000 to replace the obsolete groundwood screening system at Millinocket, and subscribed to $1,000 worth of stock in the newly-formed Development Credit Corporation, chartered by the Maine legislature to stimulate the growth of small business. All these years the Millinocket Water Company's filter plant and its more recent standpipe had sat in the Millinocket mill yard simply by permission, but in this year a lot was laid out around them and covered by a formal lease.

At the Annual Meeting in January, 1950, the By-Laws were revised again, providing for not less than nine nor more than eleven Directors, instead of the previous immutable nine; establishing the position of Chairman of the Board; eliminating any specified number of Vice-Presidents, leaving this to the Board of Directors, and changing the date of the Annual Meeting from the third Wednesday in January to the third Wednesday in March, the simple reason for this being so that the New York Directors would not have to go up to Northern Maine in the dead of winter.

The Directors elected for the year were Albin R. Caspar, Richard G. Croft, Walter Dunnington, Barklie Henry, William H. Jackson, William O. McKay, Eustis Paine, Dudley Ranney, Hilbert Schenck, Frederick K. Trask and Sheldon Wardwell. This put one more management man, Dick Caspar, on the Board, and the second additional man was the "utility" Director, Dudley P. Ranney again. The Directors elected Richard G. Croft the first Chairman of the Board in the Company's history, at a salary of $20,000 a year, this not being a full-time job. The other officers and counsel remained the same as the year before. The Executive Committee

consisted of Dick Croft, Dick Caspar, William O. McKay, Fustis Paine, Fred Trask and Sheldon Wardwell, with the latter remaining Chairman. The Salary & Pension Committee was retained, its members being Fustis Paine, Barklie Henry and Fred Trask. The Survey Committee, which had never really done what it was supposed to do, and with the new look in the Board of Directors was not really needed, was discontinued. In September, William H. Jackson resigned from the Board, to allow Jock Whitney to resume his seat in October.

This was the year that the old policy of spending for capital improvements only the amount of money available from depreciation got lost. Early in the year, the Spruce Wood Department was authorized to put an estimated $115,000 into a second pulpwood car dumper on the west bank of Millinocket Stream, below the mill, to unload wood going to Fast Millinocket. Sensing the more generous mood of the Directors, the scope of the changes in the Millinocket groundwood stock system was enlarged, and in April, the appropriation of the year before was raised to $250,000. At the same time, $150,000 was voted to fix up one of the East Millinocket machines to make super-news supplement paper, and another $150,000 to convert the steam plant at that mill to the use of oil fuel instead of coal. By August, realization had come that the retirement plan for salaried employees, approved the year before, was pretty stingy, and it was revised, eliminating the age 35 provision, increasing both past and future service benefits, and removing the arbitrary top limit, all of which cost. The Sales Department had made a survey of competition in the groundwood papers being made at the Madison mill, finding it imperative that quality be up-graded, and although there were all kinds of shortcomings, the mill studied

out what it considered to be the worst conditions, and $250,000 more was appropriated to correct them. In October, the sum of $1,280,000 was voted to replace the last of the original Millinocket paper machines, No. 6, and make the necessary additions to groundwood mill capacity. The price of the paper machine equipment alone, incidentally, had risen to about $670,000. In November, the Madison mill was given another $370,000 for a bleaching system and further improvements in the stock system (these jobs cost a great deal more, even though, as previously noted, they were skimped), and in December it was voted to go ahead with partial development of the water power at Ripogenus, at an estimated cost of $5,500,000. We will go into this development a little later on. This job involved the building of a new road from Abol Falls to the dam. It had been laid out along the north side of the river, but the writer, who could not see that location, as it went through some very bad country, and would have meant that the Ripogenus Dam would probably be used indefinitely as a bridge, a very undesirable arrangement, proposed crossing the West Branch at Abol, and a route up the south side of the river. This plan was adopted, and another $225,000 was made available to carry it out. The approval of the Ripogenus project made it possible to plan for higher groundwood production at Millinocket, and at this same time still another appropriation of nearly $500,000 was made for additional grinders and motors, and two more outside pulp storage tanks. All this added up to some $8,000,000.

This heavy schedule of modernization and new construction, along with the need to develop a real research and development program called for a strengthened technical organization, and in

the spring of 1950 it had been decided to create a combined Engineering and Research Department, under a new Vice-President. On June 21st, Roy Weldon was elected to this position, at a salary of $18,000. He was a good choice.

We have had quite a lot to say about Roy Victor Weldon (1900 - 1968). Born in Somerville, Mass., a 1922 graduate of Tufts College, he was a solid engineer, with broad experience in a number of engineering fields and a considerable knowledge of production operations, woods operations and research techniques, acquired in the 28 years he had been with the Company, which he had joined as an apprentice in the Bureau program, right out of college. After serving his apprenticeship, he had been Assistant Maintenance Foreman at the Madison mill; Assistant to the Chief Engineer; Construction Engineer -- while in this position also managing the Bureau for a time -- and Assistant Manager of the Spruce Wood Department since 1945. He had two daughters and a son, who incidentally became Manager of Manufacture of the Company, but not a Vice-President, the status of the position having been whittled down by that time to about what it had been in the days of George Parks, as we will try to explain later. At the time of which we are writing, he made his home in Orono.

Roy Weldon was a purposeful man, and a fighter. He was a splendid organizer and planner of work, but took responsibility very seriously. He suffered almost continuously from severe headaches, which he seemed to live with as something that could not be helped. His stocky figure and poker face were well-known all over the Company's country. A bit of a martinet, considered by some to be a little pompous in later years, he was not too

strong on people problems, although he worked as hard on these as he did on everything else, but could always find time to give advice to a subordinate who came to him for help. A strong-minded serious man, a pragmatist, a stickler for facts and outspoken when he had made up his mind, he had differences of opinion with some people, but he was well-liked, and his views were widely respected. What we are trying to say is that Roy Weldon was a good man; one of the best; and he was one of the writer's closest friends.

We should perhaps note here that the vacated position of Assistant Manager of the Spruce Wood Department went to John T. Maines, Superintendent of the Purchased Wood Division, and he will appear in our story later.

The formation of the new department had of course been discussed with Roy Weldon long before the move was made, and he had been giving thought to his key personnel. He would clearly have to retire Frank Bowler, who was 76 years old, and he wanted the writer as Chief Engineer.

This matter was talked out between them at an arranged meeting in May. The writer really wanted to take this job, mostly because he had been in Boston for almost 25 years and was anxious to get back to Maine, and it was left that Roy Weldon would talk with William O. McKay about it. For one reason or another, he was not able to pin the President down to a decision until after he had actually been elected, and on July 8th he wrote in part:

"Dear John"

I want you to know that I tried my damndest to

get you assigned to the job...at Millinocket... But I got a firm (but polite) No! Not once but about six times. I tried to get him to say that we could work toward that end, and I proposed an organization as per enclosed, whereby you could have been set up as Executive Engineer to actually run the department and hasten the retirement of the incumbent. But again it was a No, and (that) I couldn't expect to rob the top man out of every dept.

I really am terribly sorry...not only for yourself but also from a selfish point of view, as I think we could have made the thing click beautifully....."

The writer was disappointed but not surprised. William O. McKay had himself offered the job previously, but that was under different circumstances. Roy Weldon did not give up, however. He held the position open, and in September got William O. McKay to agree to talk with the writer about it. We have before us a memo prepared for this eventuality, in view of the incident of a few years before, which contains the note:

"Four years ago I kept still and waited for developments. I still do not know just what happened, but what developed was a misunderstanding....I do not want that to happen again."

It didn't. William O. McKay told the writer that he could make his own decision but made it very clear that he needed him in

Boston. Loyalty allowed no choice but to stay with the President, remaining Assistant Manager of Manufacture, and Warren F. Daniell, Superintendent of the Bureau of Tests was appointed Chief Fngineer -- actually the title was by custom just "Fngineer" -- on December 1st, Frank Bowler being retired on that date on consulting basis.

Warren Fisher Daniell (1901 -) was not an engineer. A native of Greenland, N.H., he had been graduated from Dartmouth College as a physics major, and had come directly to the Company as an apprentice in 1922. By 1924, he was Groundwood Foreman at the Lower Mill, where he and the writer became fast friends, and in 1937 he took over the same job at the Millinocket plant. By that time he had become well-known in the industry as an authority on groundwood. As we have noted elsewhere, he had been made Superintendent of the Bureau in 1945.

He was a strongly-built, loose-jointed, good-natured, slightly rumpled-looking man -- William O. McKay often jokingly referred to him as the "Newfoundland dog" -- with a fine mind, a large family, and an inquiring, almost inquisitive nature that did not allow him to take much of anything for granted. He was a sound administrator, although sometimes much too deliberate. Universally well-liked, he was a typical dedicated old Company type. There will be more about him later.

The Bureau of Tests (its name was not changed at this time) now became the nucleus of what was later the Research and Control division of the new department, and David F. Pollard, who had been Warren Daniell's assistant, was made Superintendent. He resigned within a year, and was replaced by John H. (Pete) Heuer,

who we mentioned in connection with the Madison mill. There will be more about both of these men.

In November, 1950, a note appears in the minutes of the meeting of the Board of Directors for that month, interesting in view of what we have written about the way the Company had handled its pricing of newsprint:

> "It was the sense of the meeting that the Company should adhere to its long-established policy of not increasing newsprint prices until such time as it becomes definitely established that increased costs incurred were of such a permanent nature as to justify an increase in the price of newsprint."

Reference to the table of prices in this chapter will show that at this point the Company was even with the market at $100 a ton, and International had probably already announced its $6.00 increase. A study had been submitted at this meeting, indicating that the Company's manufacturing cost had gone up $4.95 a ton, disregarding the extraordinary expenses caused by low water conditions, in the two years that the $100 price had been in effect. To make sure of its position, a review of the reported cost increase was ordered, and the result was the Company's increase of $5.00 as of January 1, 1951, the Executive Committee having been voted authority to take whatever action was in its judgment proper under the new Economic Stabilization Agency's request for voluntary stabilization of prices.

Also in November, the President was granted permission to raise "lower-paid" salaries at his discretion, union wage increases

having outpaced those given to this group, with a freeze or restrictions on wages and salaries anticipated. At this same November meeting, the Board increased the salaries of all the officers; the President going to $36,000, the Vice-President and Manager of Sales to $25,000, the Vice-President and Manager of Spruce Wood to $24,000, the Vice-President and Manager of Manufacture to $22,000, the new Vice-President of Engineering & Research to $20,000 and the Treasurer to $14,000. These raises were substantial -- on the order of 20 percent, but the salaries were still puny, even for those days, in view of the responsibilities of these positions. As within the next few years the salaries of the officers became public knowledge, being stated in the call for the Annual Meeting, we will with one exception not refer to them again, but for a purpose which we will note later, the writer's salary at this time, as Assistant Manager of Manufacture, was $12,000.

We must now go back to 1948, and the time when we said we would take up the important studies and reports that had come thick and fast in the next few years. It is here that we cannot pinpoint the exact sequence of events, but will indicate when there is any uncertainty.

In October, 1948, Dr. Charles Carpenter appeared before the Board of Directors, and presented his final report. This report was of considerable length, but it can all be summed up in one paragraph from his letter of transmittal:

"By employment of as yet unexploited timber and water power resources, it will be feasible for the Company

to continue to expand its manufacturing facilities. The scale of this growth is large. Sound business policies dictate that the growth take place slowly and only after each step has been studied and has been proved sound and profitable."

The report itself suggested that study should be directed toward groundwood papers, bleached and unbleached, including catalog and directory grades; tissue and towel paper; grades being made at Madison; insulating board and hardboard, and 9-point corrugating, but did not arrive anywhere, another part of his letter saying:

"In attempting to form a definite recommendation regarding the first step of such growth....I found that I could not formulate any proposal because of the lack of basic information with which to work. Accordingly, further study was directed toward the determination of what information was necessary for the purpose."

He went on to say that after experiments with different woods and various methods of pulping were carried out in the Company's laboratories, at Bauer Bros. laboratory in Ohio, at Syracuse University and/or the Herty Laboratory in Savannah, the results could be studied to determine whether the Company should go into the manufacture of any of the suggested products, either as alternates to or in addition to increased newsprint production. He was instructed to proceed with his investigations.

We have said that in 1948 it became clear that what the Company was expected to do was to grow. To William O. McKay,

growth, at that time, meant more newsprint, and more newsprint meant more power, and more power meant hydro-electric power, cheaper then by any figuring than steam power from fossil or nuclear fuel, after the initial investment; and gas turbines, supposed for a while to be the answer to cheap power having proved unreliable. There were a number of possible locations for water power development, but the obvious place was Ripogenus, where a dam was already built. It had the disadvantage of being a storage dam, which made the amount of power available from it inherently variable, but to a lesser degree, the amount of power from any hydro-electric station that utilized the full flow of the river would also vary. All this had been the subject of a discussion between Roy Weldon, Frank Bowler and the writer in July, 1947, and it had been decided to go for Ripogenus.

New studies of this project were started in 1948 by Clyde W. Hubbard, and we must tell about him, because what happened to him was a rare thing in the old Company. There had been no Assistant to the Engineer since 1945. Elmer Prouty, the Company's long-time Hydraulic Engineer, had died in the same year, and in line with the general strengthening of organization in 1947, it had been decided that a man should be found who could act as second-in-command, and that he should be a hydraulic engineer. There was no qualified candidate within the organization, and it was necessary to go outside. Stone & Webster Engineering Corporation recommended and offered a young man, Clyde Hubbard, from its organization. He was checked out by Prof. Charles Allen of Worcester Technical Institute, the Company's hydraulic consultant, and was interviewed and hired by the Chief Engineer himself, for

the job of "Principal Assistant Engineer", arriving in Millinocket about the first of June, after working out his notice.

In this interval, for no reason that the writer was ever able to find, Frank Bowler had decided not only that he did not want an assistant, but that he did not want any part of Clyde Hubbard, although as far as we know there had been no contact between them since their interview. He was not introduced to the organization, still a tight little enclave of only a dozen or so men; and Frank Bowler told nobody who he was or what he was there for. When he began to ask questions, in an attempt to get started on his job, the people in the department, infected by the attitude of the boss, snubbed him. This was a repeat of the Roy Weldon situation of twenty years before, but Clyde Hubbard was no Roy Weldon, and he did not have the advantage of previous service with the Company. He came to Boston and offered to resign, but William O. McKay sent him back, telling him to stick it out, and ordered Frank Bowler to give him the job for which he was hired. He was then assigned a few odd projects -- the dredging of the Mattaceunk tailrace which we have mentioned being one of them -- but he was still supposed to be the "Principal Assistant", and in his effort to do what he understood to be his job, began to throw his weight around a bit. This only made matters worse, the people in the department refusing to take orders from him or give him any help, some being openly insulting, some indifferent, and some afraid to go against the tide. This was demoralizing the department, and the writer was sent to Millinocket, armed with a special letter from the President, authorizing him to take whatever action was necessary to straighten it

out. Calling a mass meeting of the department employees, he found so much senseless bitterness that there was no way to do this short of firing Frank Bowler and one or two of the senior engineers, which did not seem to be in the best interest of the Company. The thing was finally at least partially resolved by getting Clyde Hubbard to accept the position of Hydraulic Engineer, assigned to carry out the Ripogenus study, working with the writer as the representative of the Manufacturing Department and the President. This removed the worst of the friction, but the department remained without a second man.

On March 3, 1949, Clyde Hubbard submitted for consideration, with no recommendation, the results of his studies of the project. This covered eight different schemes, proposing the utilization of varying amounts of the available head (272 feet from full pond to the Big Eddy), offering various methods of getting the water to the turbines, and discussing development in two stages instead of one, as follows:

Scheme A — Partial development. 4100 feet of 16-foot diameter rock tunnel to a power house on the south side of the river just below the little island called the "Little Heater". Head 194 feet; average power 35,200 h.p.

Scheme B — Partial development. The same 4100 feet of rock tunnel, with an uptake shaft to 2600 feet of 16-foot steel pipe line on the surface, and a power house at the mouth of Carry Brook. Head 219 feet; average power 39,000 h.p.

Scheme D — Full development. The same 4100 feet of rock tunnel, with 6600 feet of steel pipe on the surface to a power house a little inland of the Big Eddy and connected to it by a tailrace canal. Head 272 feet; average power 47,000 h.p.

It will be noted that figures for power are not rated capacity, but represent the amount of power that could be produced at an average discharge of an estimated 2,230 c.f.s. and the calculated average head as the reservoir above the dam was filled or drawn down.

Scheme E — Full development. A variation of Scheme D using two 12'6" steel pipes instead of a single 16' one, to allow of development in two stages.

Scheme F — Full development. This was one of the plans proposed by Hardy Ferguson thirty years before; some 10,600 feet of rock tunnel passing under the river bed to the north side at a point some distance below the dam, and a power house at the Big Eddy.

All these schemes contemplated an intake tower above the dam, with the tunnel shaft dropping vertically from it and then turning to pass under the dam well below its foundation, but except for Scheme F differed from Hardy Ferguson's earlier studies in that any rock tunnels were on the south side of the river.

Scheme G — Full or partial development. This was a plan proposed by the writer; a 16' steel penstock, connected to a chamber with suitable waste valves, built against the lower face of the dam at the north end, taking water from the existing deep gate openings, this pipe running down through the gorge to the Big Eddy, or to one of the other proposed power house sites. The idea, of course, was to eliminate the intake tower, the construction of which. with 60 feet of water behind the dam, would have made necessary a huge and very costly coffer; and to do this without cutting through the dam.

Scheme C covered a low-head (38 ft.) dam near The Arches, with steel penstocks 1600 ft. long to a second power house at the Big Eddy, which when combined with Scheme A would utilize a total of 232 feet of head and produce an average of 41,800 h.p., or with Scheme B, 257 ft. of head and 45,600 h.p.

Estimated costs, including 33 miles of 110,000 volt transmission line to Millinocket, ran from $6,900,000 for the partial development under Scheme A to $11,500,000 for full development under Hardy Ferguson's plan, the lowest estimate for the development of the full head being $10,000,000 under Scheme D. Wood stave penstocks were proposed as alternative to the steel pipe, at a saving of up to $800,000 for the longest.

There was no estimate in this report for Scheme G, which was a late thought, as it involved extensive study of means of supporting

the penstock. Such a study was started, but was never finished. William O. McKay was not in favor of messing up the scenic gorge with this monstrous pipe, and the writer, too late to get the report changed, had suggested that it be discarded in favor of a tunnel dropping vertically from the chamber, crossing under the river bed, and swinging into the line proposed for it in any of the schemes for the south side. An estimate was made of the cost of this plan, but it has not been found. However, this modified Scheme G, as it turned out, led eventually to the method eventually adopted for getting water out of the dam.

We are not certain that it was Clyde Hubbard who first proposed partial development, but we do not recall its being discussed at any time before his report. The point of course was that the big part of the 270-odd feet of drop in the two miles, more or less, between Ripogenus Dam and the Big Eddy, occurred in the first mile or less, the optimum head for development, relating investment to power produced, as percentages of full development figures, being at about 4000 feet below the dam, where 75 percent of the available power could be obtained for 69 percent of the lowest estimated dollar cost of going all the way to the Big Eddy. In other words, 194 feet of head could be developed by a 4100-foot tunnel, and another 6600 feet of tunnel or pipe would add only 88 feet. The investment per horsepower figured out about the same, because the cost of the transmission line and much of the other construction would be much the same in either case, but $3,000,000 was not hay, and there was a possibility at this time that the investigation of Scheme G would produce an even greater difference.

In the following months, this report was the subject of much discussion. Hardy Ferguson was consulted, and the writer remembers sitting on the floor of Prof. Charles Allen's living-room, discussing a litter of plans and estimates with which it was carpeted. Opinion grew that the partial development would be the final outcome, but no action was taken in that year. There was some feeling that the development should be for the generation of 60-cycle current, and that it be the start of conversion of the power system to that frequency, but this was a sticky question, and no conclusion was reached. In September, 1949, Clyde Hubbard, seeing no future with Great Northern, went back to Stone & Webster, was sent to a large project in South America, and figured no more in the Ripogenus project.

Dr. Charles Carpenter continued his studies, as instructed, in the Company's laboratories and elsewhere, and was in frequent touch with the Directors, through Eustis Paine, we suppose, it being mentioned at the November, 1949 meeting that his investigations indicated "a substantial expenditure for capital improvement to enable the Company to undertake the manufacture of new grades of paper"; and in June, 1950, he was still investigating, appearing at a meeting of the Board to acquaint them with his progress to date and stating that still further study was needed to bring his work to conclusion.

At this same time, Roy Weldon, who while still Assistant Manager of the Spruce Wood Department was getting ready to set up the new Engineering and Research Department, was actively interested in the power studies, and had been kept involved as

part of the team, turned up with a study of his own, dated June 5, 1950. In this, after pointing out that the need for an additional 10,000 to 15,000 h.p. had been recognized for several years, he made comparisons of the updated per horsepower cost of building plants to produce electric power by generators driven by hydraulic, high-pressure steam, mercury-steam and gas turbines, and by diesel engines, and the cost per K.W.H. in each case. In this study, he introduced the possibilities of a power development at Debsconeag Falls, below Ripogenus, suggesting two schemes, differing only in the developed head -- 32 feet in one case, with a flowage of about 1200 acres and no appreciable storage, producing an average of 7,300 h.p., and 52 feet in the other, which would create a flowage of some 3000 acres with storage of about 1.5 b.c.f., and produce an average of 12,200 h.p., at estimated costs of $2,500,000 and $4,000,000 respectively. Briefly, his conclusion was that while the per horsepower investment in a hydro-electric development at Debsconeag would be higher than that for any type of fossil-fuel plant except one using a mercury-steam system, the cost per K.W.H. would be far lower. As an afterthought, he stated that he was studying a more effective tie-in with Bangor Hydro, and the possibilities of installing 600-lb. or 800-lb. boilers and suitable extraction type turbo-generators at the mills.

Development at Debsconeag was not a new idea -- all the powers along the West Branch had been explored at one time or another -- and the cost of the 15-mile transmission line included was based on a type of construction that would allow of its being extended up-river to pick up future power from Sourdnahunk, Ambejamackamus and

Ripogenus -- but it was a new angle right at this particular time, when all the thinking was concentrated on Ripogenus. Anyway, it did not look very good when compared with partial development at the last place, which would produce three times as much power for about one and one-half times the money; drowning 3000 acres of land was not looked upon with favor; there was not much interest at this point in an entire rebuild of the steam plants at the mills, and the proposal did not receive serious consideration. However, it probably had a bearing on the next move, made at the June, 1950 meeting, which was to engage Stone & Webster Engineering Corp. to make a complete study of the Company's power system for its Penobscot mills. We will note its findings later.

While Charlie Carpenter's study was nowhere near completed, he had begun to firm up some ideas. The writer was called to New York a couple of times to go over these with him, and found that diversification to him meant just what it was supposed to mean. His plans involved a new mill, to be built on the Mullen Flat, just below the Mattaceunk station. It was to use nothing but hardwoods and pine. It was to be constructed, or perhaps developed is the better word, in three steps. The first phase included the construction of the wood handling facilities, the steam plant, with power turbine, repair shop and offices; a semi-chemical pulp mill, and machine equipment to make 100 tons of hardboard and 100 tons of 9-point corrugating per day. The estimated cost of this plant was $14,000,000. The second step was the enlargement of the wood yard, a second turbo-generator, an expansion of the semi-chemical mill, and the addition of equipment for the manufacture and processing of 100 tons per day of

insulating softboard. The estimated additional cost for this step was $5,400,000, bringing the investment for 300 tons of saleable product to $19,400,000. The third phase involved further expansion of wood handling facilities, a 100-ton kraft mill and recovery system, a 100-ton groundwood mill, enlargement of the steam plant, additional turbo-generators, bleaching systems for groundwood and kraft, and two paper machines, with coating equipment and supercalenders, to make 200 tons a day of coated groundwood printing paper. This added another $18,200,000 to the estimated cost, which now totalled $37,600,000, and resulted in a plant making 500 tons a day of one thing and another, all the way from wall-board to coated printing paper. As an alternative, he proposed "Plant No. 4", a 200-ton coated groundwood paper mill, this being essentially the third phase only of the over-all scheme, but estimated to cost $20,820,000, as it would include the wood yard, power generating equipment, repair shop and so on, which would already have been constructed for the proposed larger plant. His report, in semi-formal form, seems to have been presented at the September, 1950 meeting of the Board.

While no copy of this report has been found, the details are not from memory. Some time previous to this, quite surely because his program was being made known as it developed, the firm of Stewart Dougall & Associates had been commissioned to make a market survey on 9-point and wallboard, and at about the same time, the Econometric Institute was engaged to study the newsprint market. There is no mention of these hirings in the minutes of the Directors' meetings, but both reports are recorded as being submitted at the September, 1950 meeting. The writer does not recall

ever seeing the Stewart Dougall report, does not know what it had to say, and does not remember its ever being heard of again. He did see the Econometric Institute report, but does not remember its contents. No particular importance was attached to it either, at least by the working management, at that time, but it was referred to a little later on, before the big expansion in newsprint at the East Millinocket mill. In October, the firm of Ford, Bacon & Davis was employed to evaluate the study submitted by Dr. Carpenter, and to make an engineering study of the proposed plant. Its report was submitted in May, 1951, and while the writer has not found this either, he has a summary of part of it, dated May 14, 1951, which gives the above detail and cost estimates, but makes no recommendation. However, from information which we will note later, we believe that it was not favorable. The attitude in Boston toward this scattergun proposition certainly wasn't.

The Boston people had been doing their own thinking, and had come to the conclusion that Charlie Carpenter's scheme was entirely too complicated; uncertain to boot, since his experiments had not been completed, and that the most expeditious way to use hardwoods was to make them into kraft pulp, some of which could be used in the Company's own products, the rest for market. This is another place where the writer's memory becomes uncertain as to time, but it was probably shortly after the submission of the preliminary Carpenter report that they launched, on their own account, after a preliminary market survey, into a study of a bleached kraft mill, to be built at East Millinocket as a separate plant. Capacity was to be 300 tons per day. Charles T. Main was used as consultant, with the writer fronting for the Manufacturing

Department. This study became a very important factor in what happened later.

As a matter of interest, Dr. Carpenter's final report, not issued until January 30, 1952, was much less exuberant, and in fact recommended simply a bleached kraft pulp mill exactly as proposed by the Boston office, except that its capacity was to be 200 tons per day. In this final report, which had samples showing the results of some of the experiments, 9-point, hardboard, wallboard and printing paper were relegated to "future consideration"; one reason for our saying that the Ford Bacon & Davis report on his original recommendations may have been negative.

We have noted efforts by various people, as far back as the late 1930's, to interest Great Northern in extending its operations into the southern states. In 1947, industrial development interests, one of the early ones being the Southern Railroad, were still trying to get the Company to consider building a mill in one of several possible locations south of the Mason-Dixon line. These solicitations were mostly handled by the writer, who dutifully reported to William O. McKay, but in view of the uncertainty of that time, and his lack of interest in any such proposition, they did not get anywhere. However, the Sales Department had also been under pressure for a Southern operation, and late in 1950 it was approached by Peyton Anderson, Publisher of the Macon, Georgia, News & Telegraph; a Great Northern customer since 1917; the Macon Chamber of Commerce, the Southern Newspaper Publishers' Association and the Central of Georgia Railway Company, with the proposal that the Company construct a newsprint mill at Nakomis, Georgia. Peyton Anderson, a good friend of the Company, wrote:

"It does not look to me like the newsprint situation for the future is such that we will be able to obtain any satisfactory quantities...unless new mills are constructed. The dents made by Coosa River and Lufkin" (Southland) "are hardly felt in this area. I feel....that our growth is stifled unless additional newsprint is provided from some source.

As I have told you, the publishers in the South look to Great Northern to keep up with their growth and continue furnishing newsprint. This is borne out by the fact that it was the desire of the southern publishers that Great Northern operate the mill now running in Lufkin, Texas, and the mill now running in Coosa River, Alabama." (Both of these plants had been built largely with publishers' money, and as we have noted, the Company had been approached a number of times) "We are still looking to Great Northern for relief and more newsprint, and I hate to think that I must get my additional tonnage in the future from other sources."

In their presentation, which included the map showing the proposed mill site, freight rates to large centers of use, estimated pulpwood supply and price, fuel costs, and labor supply, they promised financial participation and assistance in disposing of the product of a 300-ton mill. All this was put in the form of a report, and submitted by the Sales Department under date November 9, 1950. Peyton Anderson's proposal was followed up by the appearance before the Board in January, 1951, of George Biggers, President of the Atlanta Journal, who made a similar

pitch, promising publisher participation and support. These propositions deserved consideration, and early investigation was promised.

Stone & Webster Fngineering Corp. made its report on the Penobscot River power system on November 6, 1950. It was a thorough job, finding a shortage of 17,100 h.p. when No. 6 machine should be rebuilt for increased production, with the storage operated to reservoir rule curve, which it had never been, and all auxilliary power systems in service. As possible sources of more power, it studied Roy Weldon's proposed high-pressure steam plant and bleeder turbine installation for the Millinocket mill only, his Debsconneag hydro-electric development, and the Ripogenus project. Without going into all the detail, it estimated that an 800-lb. steam-electric generating plant would cost $4,000,000 and would provide an average of 18,300 h.p., barely enough; that the Debsconneag high-head scheme would cost $5,200,000 -- 25 percent more than Roy Welson's figure, and would not produce more than 10,000 h.p. of firm power; and came out strongly in favor of the partial development of the head at Ripogenus as worked out by Clyde Hubbard, estimating the cost at $5,470,000, considerably less than his figure, and firm power from this development as 24,800 h.p. He had used a substantially higher "average" figure. As the search was for a sufficiency of power, not an excess, utilization of full head was not considered, and the partial development figured out to produce 7,700 h.p. more than bare needs, anyway. Annual costs for all the plans were about the same. Previous studies had called for four generating units at Ripogenus. The Stone & Webster report

recommended two 15,000 h.p. units. As we have noted, the Directors promptly approved this job, on the basis, however, that provision be made for a future third unit. As the Company's Engineering Department had so much ahead of it, design and construction of the power plant were turned over to Stone & Webster, without competition, as far as we remember, the transmission line, road and bridge to be built by the Company, and Stone & Webster moved onto the site on March 29, 1951. As a matter of form, the job had been approved earlier in that month by the West Branch Driving & Reservoir Dam Company, which technically owned the dam.

The report made some recommendations for operation of the power system, notably the adoption of rule curve control, which was done after the Ripogenus station was built; but very few for physical change in existing equipment, except to suggest that it might be desirable to replace some or all of the original hydraulic turbines still in use at Dolby. It even gave the old Corliss engines driving the paper machines a clean bill of health, and it disposed, for a considerable period of years, of the question of 40 cycle vs. 60 cycle current, as follows:

> "Present generation at 40 cycles should be continued, as there would be no substantial economic benefit resulting from a frequency change. The investment required in new equipment to change operation from 40 cycles is of such magnitude as to preclude further consideration of it. In addition to the investment, costly operational interruptions which can not be evaluated would occur during such a changeover."

In May, 1951, they submitted a revised estimate for the Ripogenus job, provision for the third unit and escalated costs being given as the reason, and the appropriation was increased to $6,725,000, a figure very close to Clyde Hubbard's original estimate.

Late in 1950, in the midst of everything, there was an unproductive move to effect a merger of the Great Northern Paper Company and the S.D. Warren Company. The story of this development reminds us that the communications gap of a few years before, which we have done our best to explain, had not been closed.

We approach this abruptly by quoting from a "save yourself" memo written by Sheldon Wardwell under date of February 1, 1951:

> "Recollection is a follows.
>
> On December 20, after Directors meeting, Croft and Trask asked Schenck and Wardwell to their office. Reason not disclosed and the following was a complete surprise to us. They there discussed possible consolidation with S.D.W. and possible changes in executive set-up, stating that this had been previously discussed with five of the seven New York directors. Caspar was not one and had known nothing about it; who else was missing was not mentioned.
>
> They were to see McKay later that day and recollection is that he had heard nothing about it previously. At the end of their statement I replied that I did not think I should discuss it until after a talk with McKay and some information on S.D.W.

Later Croft furnished McKay with a general analysis, including the e.p.t. basis, which I have seen, but of which I have no copy."

This procedure of initiating a radical change in Great Northern policy, and of attempting to enlist the support of the old Boston directors before informing the President or anyone who might tip him off, is incomprehensible in view of what we have told of his efforts to cooperate, but that's the way it was. Of our own knowledge, the thing was in the works before William O. McKay was told about it. However, early in January, 1951, Dick Croft and George Olmsted of S.D. Warren went over the proposition with the President, Sheldon Wardwell and Hilbert Schenck in Boston. We have little detail, but the plan seems to have been for Great Northern to buy into S.D. Warren with 300,000 shares of stock or $15,000,000, the two companies to continue to operate separately, although Sheldon Wardwell's memo mentions possible executive changes.

According to this memo, there was no discussion of the matter at the January meeting of the Board, but immediately after it, he was called into another conference which had been going on between William O. McKay, Dick Croft, Fred Trask, Hilbert Schenck, Dudley Ranney and Dick Caspar. He arrived late, and as he writes: "They had been talking about the consolidation and I learned later that McKay, Schenck and Ranney indicated disapproval. Trask asked for my reactions. I told him.....I was not inclined to favor, believing that, with plans outstanding under consideration the money could be used to better advantage within.....I tried to be moderate and, while there were a few questions, I think nothing

I said could have been interpreted to mean that I was irreconcilable." Sheldon Wardwell was a careful man. Later in the month, William O. McKay, Roy Weldon, Dick Croft and perhaps Fred Trask inspected the S.D. Warren mill, and the writer has before him a sketch plan of the plant, which he put together from drawings that William O. McKay brought back to Boston.

The matter was the subject of some heated discussion in Boston, where the reaction was universally negative. In preparation for a conference to be held in New York on January 31, 1951, William O. McKay, almost at the last moment, asked for independent written comment from Roy Weldon, Creighton Stanwood and the writer. These were all dated between January 28 and January 30, and were all more or less to the same effect; that S.D. Warren, dependent upon purchased wood and purchased pulp, of which there was a current shortage, with expensive steam power and an obsolescent mill, needed Great Northern more than Great Northern needed it; that the consolidated would bring no advantage to the Company, and would interfere with the plans already in the works. The writer's memo, being the most condensed, and containing most of the points which the others raised, and some which they did not, is quoted:

"WE DO NOT LIKE IT BECAUSE:

1. It ties great Northern to an obsolescent outfit, which is good in good times, but cannot face new, efficient competition.
2. It will use G.N. timberlands and wood producing organization to bolster it up.
3. It will either use G.N. cash to replace S.D.W. old equipment, or will saddle G.N. with borrowing for the same purpose.

4. It will involve G.N. in an expansion of pulp producing facilities for the benefit of S.D.W.
5. G.N. groundwood, used by S.D.W., will put them in competition with our program at Madison.
6. Our customers will not like it, and it will add to the pressure for more newsprint mills.
7. Many of our stockholders will not like it.
8. It will disturb our organization, which is very loyal to G.N. as it is.
9. It will disturb our labor relations by connection with a non-union and anti-union outfit.
10. It is likely to bring on further Government investigation of newsprint.

ALTERNATES:

1. A. G.N. southern newsprint mill, with extra bleached kraft capacity for sale or G.N. use.
2. A hardwood kraft mill in Maine, producing pulp for sale and G.N. use, with expansion at Fast Millinocket.
3. A complete new pulp and paper mill in Maine to produce book paper, using pine, hardwood and spruce & fir.
4. Board mill."

Creighton Stanwood put together combined projected earnings figures which did not look very good, stating that he had tried to approach the matter from the point of view of a stockholder. Roy Weldon went into much more detail on some of the points which are merely implied by the writer's memo: the latter knowing that William O. McKay would understand what he was getting at; laying stress on the comparative case with which the Company could expand

on its own, in newsprint or other grades, stating that he could not help feeling that the proposed merger would in the long run be detrimental, and ending:

> "The proposed merger is in reality a means for S.D.W. to expand with G.N. capital, which could either delay G.N.'s own program of expansion under consideration at Fast Millinocket or Mattaceunk, or embark on a period of funded debt.
>
> The lack of natural resources of S.D.W., its location, and general conditions do not add up to a strong asset to G.N. and could turn out to be a liability in times of hard going...."

It will be noted that Eustis Paine has not been mentioned in connection with this proposed deal. William O. McKay did not know where he stood, and at the time the above memoranda were being written, asked Sheldon Wardwell to get in touch with him, to see what he thought. The President, while not in favor, was trying to maintain a neutral attitude toward the matter at this point. Sheldon Wardwell, who as we have said was rather timid in some ways, had by this time got cold feet, feeling that because he had not got on the bandwagon at the first meeting he was being set up as the bad guy who was leading the opposition. However, he reached Eustis Paine by telephone on January 28th, a Sunday, and as he wrote:

> "I told him that I was in a very difficult position and believed that some of the New York directors thought that I was obstructionist, though I had not said anything that warranted that view. I feared that statements made

by Mr. McKay or others might be so interpreted" (He was probably right. William O. McKay, when he went into battle, would use any weapon at hand, and if Sheldon Wardwell had told him that he was against it, which he had, he would say so.) "My feeling was that $15,000,000 could be used to better advantage on Company development. He broke in and said he felt the same way -- that the S.D. Warren plant was antiquated and that its business was not such that Northern would obtain an advantage from a consolidation. He was the one, I am sure, who said that some of their machines were built before he was born -- anyway, that was the gist of it, though I understand it has been attributed to me. He said that he feared that the New York directors intended to proceed, in which case he did not think there would be any success in opposition. I told him that if it came to the breaking point, it would be harmful to the Company's stockholders and its Management to oppose."

Sheldon Wardwell did not attend the meeting in New York on January 31st, but William O. McKay gave him the story the next day. He, Roy Weldon, Dick Caspar and "all the New York Directors", including Fustis Paine but excepting Barklie Henry, were there. Charlie Carpenter, who had been sent down by the New York people to inspect the S.D. Warren mill, made a good report on it. William O. McKay, Dick Caspar and Roy Weldon voiced their objections, the President having come to the place where he could no longer be neutral, and were over-ruled. Barklie Henry had said that he was 100 percent in favor, and as Sheldon

Wardwell says: "the New York Directors concurred in general". His fears that somebody might say something that would put him on the spot were realized, William O. McKay making the statement that he had said that a two-thirds vote of the stockholders was necessary: "so they may think that this was an intimation that the interests which I represent might hope to veto.... for consolidation in Maine a majority of outstanding stock is required. I tried to explain this distinction to McKay but think he was too tired to retain."

At any rate, it was left that the deal was on, and that Dick Croft and Fred Trask were to negotiate. This was the kind of instant growth that appealed to them. They asked for a meeting with Sheldon Wardwell, Hilbert Schenck and Dudley Ranney in Boston on February 6th, the reason for this, of course, being the Schenck and other stock which these people could swing. Sheldon Wardwell was now in a complete dither, and arranged an early meeting alone with the two New York men, at which they went over the proposition again, stating that they were acting on the basis of expert advice. He tried to explain that he feared that his position might have been distorted at meetings at which he was not present; that he would prefer to use the money for internal growth, and that he was rather discouraged about the prospects of investment in high-grade paper (he was a director of Champion-International, a subsidiary of the National Geographic Society, and which made the paper for its magazine) and then weaseled by saying that S.D. Warren was well regarded, and that he did not think the deal would be so disadvantageous that minority Directors should dissent, and that he would try to prevent opposition of record. As he wrote: "We were all reasonable in our

approach". However, at the meeting that followed, Hilbert Schenck and Dudley Ranney were not so reasonable. "Some of my associates' remarks were unfortunate", he wrote. The following day, Dick Croft telephoned him to say that George Olmsted, who we know had already expressed some doubt of the whole thing to Roy Weldon, had called everything off, as S.D. Warren wanted to maintain its independence. Upon which Mr. Wardwell really put his foot in it by involuntarily exclaiming "Thank God" -- he told this to William O. McKay in the writer's presence -- and then felt compelled to write Dick Croft an apology, saying:

> "I am very much chagrined about the unnecessary "Thank God", but believe that you will realize that I have been under a tremendous strain....
>
> I know that you and Mr. Trask have given the project careful consideration and study....and while my original convictions have not been entirely changed, they have been considerably shaken.
>
> I was very much displeased with the attitude of some of my associates, but this does not apply to Mr. McKay."

Just which associates he meant is not clear, but anyway, Dick Croft wrote a gracious acknowledgement, assuring him that no apology was necessary, and so ended this episode.

In February, 1951, following up the promise made to George Biggers, Roy Weldon made a trip to the south to look at a number of possible sites for a newsprint mill in Georgia, making a preliminary report to the Directors on March 28th, at which time he was told to continue his investigation. The writer believes that

he later made other trips, and a report that favored such a project, taken by itself, although he has been unable to locate a copy, but that it was not seriously considered. As he remembers, the emphasis continued to be on more product from the wood on the lands which the Company already owned, and that the thinking was just not oriented toward the South, although the options on it were open, as the writer mentioned a southern newsprint mill in his memo of January 30, 1951, which was before Roy Weldon's investigation.

We have made reference to the study of a hardwood kraft pulp mill, initiated by the Boston office, which had been started some time in 1950. We are unable to fix the date, but the study was definitely well along at the end of January, 1951, as it was mentioned by Roy Weldon in his memorandum on the S.D. Warren proposition as being under consideration, and by the writer as an alternate to the merger. Neither do we remember, although we should, when Charles T. Main's preliminary report and estimate was submitted, this being another document which has not been located, but it would have been some time early in the spring of 1951. The cost of the 300-ton plant was estimated to be about $30,000,000. By this time, further market research had been done, wood supply had been investigated, production cost studies had been made, and the whole thing had been worked into a condensed report. The proposition looked pretty good -- not a gold mine, but promising a reasonable return. While William O. McKay was not excited about having a "stinking kraft mill" he felt that this was the indicated development. He advised Dick Croft that he had a proposal to make which he thought would be interesting

to him; the Chairman said that he would come to Boston to go over it, and the writer, as the representative of the Manufacturing Department most involved, was delegated to lay it out, spending the greater part of a day with Dick Croft. It seemed to be what he was looking for, too, and the study was turned over to Ford Bacon & Davis for their analysis. Their report on it, dated June 1, 1951, in which they contemplated $25,000,000 long-term borrowing to finance the project, was favorable, and while there is no record, the writer is of the opinion that a decision was made at this time that the Company would proceed to build a plant of this kind, and while this mill never materialized, that this discussion was what set off the chain of events that resulted eventually in the change that took place in the old Great Northern.

We should say here that following this decision the Charles T. Main report was revised to cover the construction of an initial plant to produce 150 tons per day, at a cost of $21,000,000 expandable to 300 tons. This final report is dated December 1, 1951, and was submitted to the Board at the December 1951 meeting, but has no particular bearing on our story.

While this Manufacturing Department study was going on, and with Dr. Carpenter's experiments with hardwood and pine continuing, Roy Weldon had turned his attention to the possibilities of producing birch veneer, and some time in the spring of 1951 the Mengel Company, we believe of New York, but with which we are not familiar, was engaged to make a study, and turned out a report brought up and discussed at the June meeting of the Board, with-

out action. We have found no copy of this report. However, Roy Weldon continued the investigation, and made his own report, dated October 11, 1951, on a mill to be constructed at Portage to make birch veneer face stock. This report, which was not presented until December, concluded that while the operation was feasible, the small amount of good birch available did not indicate that it would be profitable, and the matter was dropped.

During the same period, he headed up another important study, on which most of the work was done by Warren Daniell and his assistant, Jim Starkweather; an engineer recently hired from "outside"; Charlie Carrier, who was at that time Superintendent of the East Millinocket mill, and Pete Heuer, the new Superintendent of the Bureau of Tests. This was a very comprehensive study, covering the effect of expansion of the East Millinocket mill by one of six schemes, outlined as follows:

Scheme 1. The addition of the 150-ton bleached hardwood kraft mill, market pulp only. Cost $21,000,000; increased profit after taxes $567,000; return on investment 2.7 percent.

Scheme 1A. Splitting the production of the new pulp mill into 50 percent hardwood and 50 percent softwood pulp. This did not look as good as Scheme 1.

Scheme 2. The kraft mill, additional groundwood capacity and the addition of a 240-inch paper machine and coating equipment to make 160 tons per day of coated paper, using the kraft for long fibre, which left some for market. Cost $36,000,000; increased profit after taxes $1,184,000; return on investment 3.3 percent.

Scheme 2A. Same as Scheme 2, but with two 240-inch machines. Cost $41,000,000; increased profit after taxes $1,828,000; return on investment 4.4 percent..

Scheme 3 A 300-ton kraft mill and two 240-inch paper machines with coating equipment. Cost $50,000,000; increased profit after taxes $2,409,000; return on investment 4.8 percent.

Scheme 4 No kraft mill, but the addition of equipment to bleach Millinocket sulphite, additional groundwood capacity and a 240-inch paper machine and coating equipment. Cost $17,000,000; increased profit after taxes $641,000; return on investment 3.8 percent.

The turn toward emphasis on coated groundwood papers came from the growing popularity of this grade: Dr. Carpenter had suggested it in his study; but more importantly it reflected the growing influence of Pete Heuer, who was an experienced coated paper man. This report was also submitted in December, 1951, but it had been the subject of discussion from time to time during its preparation.

In the midst of all the activity in the summer of 1950, there had appeared in Boston a Toronto promoter by the name of John Paul Jones, proprietor of the Cherokee Land Company, one of several such outfits authorized to try to interest someone

in building a mill in the Province of Saskatchewan. At that time, the government of Saskatchewan was Socialist, and its timberlands were in the hands of a Crown Corporation, which was not doing much with them except for a relatively small logging operation in the hills along the Manitoba border.

John Paul Jones was a suspiciously debonair, world-travelled movie-actor type, but investigation showed him to be legitimate, and early in October William O. McKay sent the writer up to Canada to see what his proposition was all about. After meeting in Prince Albert with the official in charge of timberlands, he spent two days flying in a government airplane -- a World War II Anson -- over the great stand of jack-pine, black spruce and poplar on the mostly flat country north and east of that city, and in spot checks of certain areas on the ground, after which, in another interview with government officials, he was told that if the Company should decide to build a mill in the area, it could have a lease on all the timberland within a half-circle north of Prince Albert with a radius of 150 miles, excepting only the park areas, without initial payment, wood removed to carry a flat stumpage rate to be negotiated; and that the Province would build a hydro-electric station on the North Saskatchewan River to supply the mill with power. At least one attempt to build a power dam on this river had failed, the washed-out remains of it being visible from the air, but it was claimed that the problems had been solved, and that a dam could now be built. The writer returned to Boston and put his findings, which were favorable in general to a project involving the manufacture of newsprint and market kraft pulp, up to a total of 1000 tons a day, into a report to the President.

This was discussed, but action was held up pending investigation of the freight situation, because Prince Albert, Saskatchewan, was about as far as one could get, in any direction, from any large market. This report was on the table in November, 1950.

We should have made it clear by this time that the old organization, the same, with but a few new faces and a little moving around, as it had been in 1947, had put out a tremendous effort, and that while it had not got started on any great program of growth in terms of buildings and machinery, it had shaken loose from the bonds of ultra-conservatism, and without any grand overall survey had, by the fall of 1951, laid out a number of viable projects, and that everything under consideration, in Maine, in the South and in Canada, pointed to a kraft operation, and when added to the program of increased power and improvement of existing plant, to a substantial amount of outside financing.

Now let us go back to the beginning of 1951. Nothing much happened in the first two months, other than what we have already covered, except that Lester Smith was retired as Traffic Manager, at the age of 76, very bitter at what he could see happening, a pension being voted him by the Board of Directors, since he was not eligible under the retirement plan. As we have noted before, it had been understood for a long time that Frank Keenan was to have this position, but he was in the spot that the writer had been a year before -- he was too valuable to William O. McKay where he was. Throughout all his years in the Boston office, he had worked in one way or another on traffic problems, doing everything from car tracing to rate work. He had also been associated with what for lack of a better term was called "Labor Relations",

but this for quite a while had mostly had to do with the negotiations and the legal aspects than with employee relations problems in the mills or elsewhere, but with all this he had, like the writer, been a sort of personal aide to the President. Actually he was offered the job, but in such a way that again like the writer, he felt obliged to refuse it, for the time being, at least, and the Traffic Manager's position went to Ephraim (Ed) Black, who had been the Traffic Agent in New York for many years; a tough-looking but gentle Scot, with the remains of a Lowland burr in his New York accent. Ed Black was not a young man, and there was a rather loose understanding with him that the job really belonged to Frank Keenan, and that his tenure would be indefinite, but would give him a better salary for a while, and allow him to acquire higher Social Security benefits. He moved to Boston, but his service as Traffic Manager was short, and with a sad ending.

There were no changes in the Board of Directors at the Annual Meeting held for the first time in March; the Executive Committee remained the same, and all the incumbent officers and counsel were returned. As regards counsel, the name of Sheldon Wardwell's firm had been changed from Burdett, Wardwell & Ranney to Wardwell, Ranney & Allan some time before this, but we have not troubled to find out when the change took place.

There had been agitation in Millinocket for some little time for the construction of a community hospital, the only one there being small and privately owned, and the Company had been approached for a substantial contribution to supplement Hill-Burton funds and whatever could be raised in the communities in the area.

While the prime movers were the unions, led by the Office Workers, the project was strongly backed by the Company's local management, and found favor with the Directors. The cost was originally estimated at $500,000, and the Company's participation, which clearly would have to be a considerable part of this, was promised. At the April, 1951 meeting, at the suggestion of Arthur Andersen & Co., the formation of a Charitable Trust, through which this contribution would pass, was discussed by the Board, and an investigation of the legalities was launched. At the meeting of the Board on December 18, 1951, it was voted to create such a Trust, with the United States Trust Company as Trustee, and an initial deposit of $150,000, to be held for the hospital, but to be used for other charitable, tax-deductible purposes should this project not materialize. The Millinocket Community Hospital was incorporated on December 27th. It had become, by a normal adoption of leadership, pretty much a Company project, the first Board of Trustees consisting of Bob Hume, Superintendent of the Millinocket Mill, Charlie Carrier, then Superintendent of the East Millinocket Mill, Les Kewer, the Company's Auditor, Jack Ward, the Company's local counsel, Louis C. Stearns III of Bangor, Company counsel, Carl Stockwell, head of the Millinocket Trust Company, and Bill Praught, President of the Office Workers' Union; with Bob Hume as President, Carl Stockwell Treasurer, and Bill Praught Secretary and Clerk. The Hospital proceeded to retain a consultant; indicated its intention to file for Federal funds, and on April 7, 1952 Dick Croft, as Chairman of the Board of Great Northern addressed to it a letter which read in part:

"As the next step in the orderly process of assisting you to attain your goal, the Board of Directors of the Great Northern Paper Company on March 21, 1952, voted that you now have reasonable assurance of this Company that following completion of your fund drive and favorable action on application for Federal funds, this Company will then supply the necessary funds with which to pay any deficit in the costs of constructing a $500,000 hospital, and the net yearly deficit resulting thereafter from the operation of same."

There was the usual rigmarole with the Treasury Department, but the tax-free status of the Hospital, and the deductibility of any Company contribution was approved on June 10, 1952. By this time, the Government had its fingers in the project. The Civil Aeronautics Board objected to the original site relative to the airport, and this had to be changed, and with Federal specifications adding to the cost, the estimate was up to $600,000 by September. It went still higher, the bids submitted a year later being over $1,000,000, but that is neither here nor there. The Hospital opened in April, 1954, but we do not intend to go into any more detail in connection with it, our purpose being only to establish the time and the circumstances connected with the establishment of the Company's Charitable Trust.

At the same April, 1951 meeting at which the Charitable Trust idea was advanced, there was an open discussion of expansion by building the kraft mill at East Millinocket in line with the conference in Boston between Dick Croft and the writer. No specific action is recorded, but, as we have said, we are quite

sure that the decision had been made to go in this direction, and this, we should judge, was about the time that the move that came to light later in the year, and which was to have such a far-reaching effect on the Company, was made.

This meeting also produced, for the first time that we know about, Board discussion of the investigation of Company lands for possible mineral deposits of one kind or another, although the matter had been kicked around by the management in the past, and Creighton Stanwood was assigned to confer with M.I.T. geologists about such a search. It is probable that the subject was brought up by the J.H. Whitney & Co. people, as in November an agreement was signed with Jock Whitney's Freeport Sulphur Company, granting it the exclusive right to explore certain Company lands for minerals, it being left with the officers to work out a purchase price and a royalty agreement in case of discovery. A little later on, arrangements were made with others to explore in other areas, but this, we believe, was the first move in that direction. At this same time also, it had developed that the replacement of No. 6 paper machine at Millinocket, which had been authorized the year before, and was under way, was going to cost a lot more money, and require a lot more ancillary changes than had been provided for, and another $528,000 was appropriated for this job.

In May, 1951, the matter of listing the Company's stock, which had been suggested in the "preliminary study" came up again, and it was probably at this time that Stone & Webster was given the job of making an independent appraisal of the Company's properties, in anticipation of such a move. Their preliminary report

was submitted in October. Without going into all the technical details, action to have the stock listed on the New York Stock Exchange was started by vote of the Board in March, 1952. To the best of our knowledge there were no problems, and the stock went on the big board on November 9, 1953.

In 1951, everything in the works or projected was being slowed down to some extent by the controls on the use of materials, and on prices, wages and salaries, imposed on account of the Korean war, and a lot of problems were caused by these restrictions. Although the controls were not as stringent as those of the World War II period, the process of obtaining the approvals necessary to carry on business was in many cases far more cumbersome.

To illustrate, let us take up now the Ripogenus power development, which could not have been undertaken at all during World War II, but which was off and running immediately upon approval in December, 1950, with the purchase of some of the materials and equipment already specified, although work at the site did not start until the end of March, 1951. This job collided head-on with the restrictions slapped on by the National Production Authority (NPA), established under the Defense Production Act of 1950 (DPA). The DPA, which was under the Department of Commerce, had set up the Defense Electric Power Administration (DFPA), which was placed under the jurisdiction of the Department of the Interior by arrangement with NPA. Is that clear?

Most of those who see the McKay Station quietly doing its job can envision the ordered chaos of the construction work which

resulted in its being there; but very few know of the behind-the-scenes grief that the organization went through. It is worth telling about, and there is no story unless it is told in some detail.

At this time early in 1951, the Government control mechanism was in complete confusion. William O. McKay had wanted to make reference to the Ripogenus job in his Annual Report for 1950, and the writer had drafted a paragraph which was submitted to Sheldon Wardwell, and by him to Luke Lockwood with a letter dated January 29, 1951, in which he said: "Unless there is a change in conditions, I am of the opinion that it should not be included for reasons which we have discussed, and also because of the likelihood that labor and materials may not be available." Luke Lockwood concurred, saying: "If any reference is made, it should be toned way down"; with the result that the report simply stated that "plans also include a substantial increase in the Company's power producing capacity to provide for additional production and for protection against possible future low water conditions."

The trouble was that the existing regulations were designed for public utilities, as they concerned the construction of power generating facilities; had not been given publicity, and were obscure anyway. as usual. Luke Lockwood wrote Sheldon Wardwell on March 15th: "As far as I can discover, N.P.A. has not set up any procedure to grant priorities for any particular projects, or even to accept and deal with them", but pointed out that NPA Orders M-7, M-11 and M-12 would seem to prohibit the use at Ripogenus of "semi-fabricated aluminum, copper and copper-alloy equipment",

and suggested that the Company try to make direct contact with somebody in this organization who might know how to proceed.

The writer, who was buying the materials for the transmission line, had placed an order for aluminum conductor as early as January 10th, at which time neither Stone & Webster, the supplier, Kaiser Aluminum, nor any of the competitive bidders, knew anything about any restrictions. On April 11th he wrote Sheldon Wardwell to that effect, but stating that a bulletin from the Bureau of National Affairs, received in February, had indicated that there were restrictions on the use of aluminum, and that "we have made no further move, hoping that something would come out that would clarify the situation. However, the only thing we have seen so far is M-50, which sets up a procedure for utilities to obtain permission to use aluminum for conductor." A contract for the turbines had been signed by this time with S. Morgan Smith, and they had expressed doubt as to whether they could now proceed with manufacture unless the Company could get some kind of Government priority.

While things got going at the site on the basis that no material was being used, the first work being the moving in of equipment and the cutting of the transmission line, Stone & Webster, Roy Weldon, Creighton Stanwood, Sheldon Wardwell and the writer were all busy trying to find out how to go about getting material and equipment to build a power station which was not for a utility company. Late in April, there was still no answer to this question, and it had been decided to prepare an application to the NPA for permission to commence construction, and applications to the DFPA (Requests for Procurement Assistance, they were called)

using utility company forms, which were all that were available, to obtain authority to buy materials and equipment, and a priority rating for the purchase of "controlled" materials. Work was also started on an application for a "Certificate of Necessity" which would allow of taking accelerated amortization on the job, and was necessary anyway, as applications for priority would not be considered unless filing had also been made for a Certificate of Necessity. This filing required approval by the Board of Directors, and approval was voted on May 17th. All this form preparation was done by Stone & Webster, but involved a lot of work by Company people as well. DEPA forms were filed on May 25th. Stone & Webster, studying the rather obscure picture, indicated that it was not necessary to include in the applications a request for permission to commence construction, since it had already been started before May 3d, which for some reason they understood was a critical date, but it turned out that this was a weak argument. No acknowledgement of the DEPA filing had been received by the middle of June, and Roy Weldon was in a sweat, with everyone with whom orders had been placed screaming for a "D.O." (Defense Order) rating. At this point, as might have been expected, the rules, which were even then not clear, were changed by the establishment of the Controlled Materials Plan (CMP), the original application was rejected, and the whole process had to be gone through again. The new filing, with both the DEPA and the Facilities and Construction Bureau of the NPA, was made on July 6th, with minor amendments on July 17th, and included an application to be allowed to commence construction and another for permission to buy materials. Fortunately, by this time the DEPA had issued blanket clearances to

manufacturers of water wheels and most of the electrical equipment, including the generators, but this left in doubt all steel items, even the steel core in the aluminum conductor, the towers for the transmission line, the aluminum conductor itself, busbar copper, the power house wiring -- indeed almost all the substantial construction material except cement, and of course the very legality of continuing with the job.

On August 30th, Stone & Webster advised that the applications for permission to continue construction and for the necessary materials were processed and final approval rested only on the Industrial Facilities Division's ability to find the amount of controlled materials requested, but the next day, word was received from the NPA that they were disallowed, and that work must be stopped unless an amended CMP-4C form was filed before September 10th. A new form was immediately prepared, as a revision of the July 6th filing, and was taken to Washington and presented directly to the NPA by a delegation made up of Roy Weldon, Sheldon Wardwell, H.W. Weber of Stone & Webster, and the writer. This application was accepted, although there was an argument among the NPA people, one insisting that it was in proper form as a revision, another stating that it must be an entirely new or "Initial" application, and cover only materials requirements for the first quarter of 1952. They did give verbal permission to use a DO-U4 priority rating for the purchase of other than controlled materials. However, on September 17th, this application also was disallowed, on the basis of the objection raised in Washington that it was not an "initial" filing. On September 18th, a new one, in what the bureaucracy considered to be proper form, was

filed, requesting authority to continue with construction after September 30th and written confirmation of the verbal permission to use the DO-U4 rating. On September 19th Stone & Webster were advised that this application was approved, and that the requested letter granting a priority rating would be forthcoming, but that no allocation of controlled materials could be made until the first quarter of 1952; that if any were required, yet another application must be filed by September 20th, and that this action closed out the September 18th application.

This was maddening, but there was nothing for it but to immediately prepare another request, which was filed by the Stone & Webster representative in Washington on the deadline. All of these submissions had to be accompanied by explanations as to the necessity for the job, and the Company leaned heavily on the need for more newsprint, even citing the Celler report which had come out in the spring (although newsprint had not been declared an essential commodity, as it had been during World War II) the fact that while the Company was not a utility, the river could be controlled to rule curve upon completion of the job, benefitting the utility stations on the river below, and that at the same time the Company could release about 20,000,000 K.W.H. of Bangor Hydro-Electric power, which would then be available for direct defense industry through the latter's interconnections. This was scraping the bottom of the barrel for justification, but there was not much else that could be done.

These filings were for the total amount of materials needed, broken down into use by quarters. Acceptance of this latest applica-

tion allowed work to be continued, but only with what material could be obtained with the DO-U4 rating. On September 6th, the NPA had issued a memorandum to all construction engineering firms, asking them to re-design wherever possible to reduce or eliminate the use of critical materials. Stone & Webster had complied with this, not only cutting down on steel, but revising the construction schedule, reducing the amount of steel required from 2,200 tons, of which 2,000 tons had been asked for in the first quarter of 1952, to 1500 tons, of which only about half would be required in the first quarter. On November 7th, this information was transmitted to the NPA, with the request that the September 20th application be so amended. At this time the Company went to work on some of its friends in the Congress, and on Cranston Williams of the A.N.P.A., for any help they could give, this having to be done rather gingerly, to avoid the appearance of fronting for Stone & Webster, who were of course in the same situation with any number of other jobs, and most of the correspondence was checked by the writer before it went out. Not much help was forthcoming from any of these people, and on November 21st word was received that no steel at all would be allocated for the first quarter of 1952.

It should be pointed out that there was no law against a supplier furnishing his customers with controlled materials, if he had them in stock, without a priority, as long as he filled other orders that did have priority. The crying need by late in the year was for reinforcing steel, and in November, Bancroft & Martin, with whom the whole order for this material had been placed, offered to supply all that would be needed, at least up to the end of the first quarter of 1952, which offer was gratefully accepted,

Roy Weldon advising that after that, if the NPA did not act favorably, it would be necessary to buy Belgian steel, which could be obtained, at exhorbitant prices.

Late in November, following the turn-down on the first quarter, still another application was filed, asking that the allocations requested for the first quarter be moved into the second, but the word was out that there would be nothing but very small allotments of steel to the pulp and paper industry, and then only for jobs 25 percent or more completed. Therefore, on the advice of the Pulp & Paper Section of NPA, it was decided to try to cut back even further. By stretching things a little it could be claimed that the job was about 27 percent completed. By shifting to a wooden pole transmission line, planning for only a relatively few steel towers for river crossings and locations near the mill, and by re-scheduling the construction of the bridge over the West Branch at Abol, second quarter requirements for steel were worked down to only 250 tons, and a revised application on this basis was filed on December 6th. By this time, the outlook was pretty dismal for the job, and Roy Weldon, Sheldon Wardwell and the writer, with Fred Mears in contact with acquaintances in Washington, were using everybody they could find to put heat on the NPA's Pulp & Paper Division, which was in position to make a favorable recommendation, although as someone said, pulp and paper was "low on the totem pole". The writer went so far as to furnish Dick Croft, on December 24th, with a list of the steel, copper and aluminum items needed, so that he might use his influence, if any, with Bethlehem Steel, the source from which almost all of the suppliers were buying this material, and with anyone who could help to obtain the

copper and aluminum, as a desperation move. In January, 1952, a series of rather discouraging reports about any second quarter allotments were received from Stone & Webster's man in Washington, and a strong letter of appeal was drafted; really a recapitulation of all the arguments already used, and of all the moves that had been made to bring the use of controlled materials to the lowest possible point. This was presented to William E. O'Brien, Director of the Industrial Expansion Division of the Facilities and Construction Bureau of the NPA in Washington on January 21, 1952 by Roy Weldon, Sheldon Wardwell and a representative of Stone & Webster. This, at long last. somehow or other got results. It was agreed that the amount of steel required for the first quarter of 1952 would be allocated for the second quarter, and that all the structural steel, 80 percent of other steel, and about 65 percent of the copper needed for the rest of the year would be made available. This was enough to go on, for these items, with what could be picked up from the stocks of sympathetic suppliers, Roy Weldon saying in a letter dated January 30, 1952, a full year after the action had started: "our big troubles are probably over". This left only the aluminum conductor for the transmission line, which had been discussed, but left hanging. Attention was turned to this on January 31st by Stone & Webster, in a letter to William E. O'Brien, and as the aluminum situation was easing. a rating, which allowed Kaiser Aluminum to ship the wire which had been ordered a year before was granted. While it should be clear from the foregoing that completion of the job could have been long delayed if it had not been for the persistence of the Company's representatives, the maneuvering at least allowed the work to continue, and as a great part of it was excavation of rock there was actually not too much hold-up, and the station got into operation in April, 1953. It

was named the "William O. McKay Station" at a dedication ceremony at that time, the first time that we know of that there had ever been such a ceremony, and the first time, to our knowledge, that any Company facility was ever named in honor of any individual.

The application for Certificate of Necessity, filed early in the game, was fortunately accepted at once, and given a file number without which the various requests for material would have been unavailing anyway. Although it was almost immediately caught in a freeze imposed by the National Security Resources Board, it was released, in the course of time, and without going into all the argument over it, the final outcome was that accelerated amortization was allowed on 20 percent of the total cost of around $7,000,000.

Since Ripogenus was a Stone & Webster job, we will not attempt to go into the details of progress as we have done on those projects which were carried out by the Company -- jobs like the Mattaceunk station, for instance, on which the contractor was nothing much than a labor pusher, with the Company doing all the engineering, buying all the materials and equipment, and paying the labor. For the record, however, we should describe some of its features. The head-gate, 18 ft. x 20 ft., with a 24-inch x 26-inch wicket, and its 60,000 lb. hoist, were provided by S. Morgan Smith, and the gate was protected by 1647 sq. ft. of trash rack. The intake shaft, just below the dam, dropped vertically 83 feet to a rock tunnel, 4000 ft. long, down the south side of the river. Both the tunnel and the intake shaft below the conversion section were 18 ft. diameter rough, 16 feet diameter inside the concrete lining. Just below the Little Heater, the tunnel branched into three penstocks, actually smaller tunnels, 10 ft. finished diameter inside,

of slightly different lengths, but averaging a little over 90 ft. each, leading to the turbines. At a point on the tunnel 117 ft. upstream of the first penstock was the surge tank; a vertical 16-ft. finished diameter shaft, opening from the tunnel and rising 87 ft. at which point it enlarged to a diameter of 44 ft., rising 50 ft. 6 in. further to a concrete tank 44 ft. in diameter and 53 ft. 6 in. high, the total height above the top of the tunnel, which was approximately 138 feet below ground at this point, being 191 feet. The two vertical generating units which started up in 1953 on the two up-river penstocks, the third being plugged, consisted of 16,590 h.p. S. Morgan Smith turbines with Francis type runners, designed for a net head of 175 ft., connected to General Electric 13,500 K.V.A., 40 cycle, 3 phase, 6,900-volt generators, running at 267 r.p.m. The third unit, an 18,330 h.p. Allis-Chalmers turbine, with a 14,700 K.V.A. generator of the same make, was installed in 1967, coming on the line some time in November. The power house, located right down in the gorge, was 130 ft. long and 45 ft. wide, of concrete, brick and steel construction, with a 75-ton bridge crane. The step-up transformer station was on a platform built over the tailrace. The 115,000 volt transmission was approximately 30 miles long; southern pine creosoted poles, in pairs, with one cross-arm, carrying one three-wire circuit of 336,000 C.M. aluminum steel-core conductor, on suspended insulators, except at the strain points, with two copperweld overhead ground wires. There were seventeen steel towers in this line, at the river crossings and near the mill yard, the line being kept outside the perimeter of the yard, passing around it to the west and south, and crossing Millinocket Stream to a new transformer station on its east bank. About 12 miles of new road was constructed from the dam to Abol Stream, where it crossed the West Branch on a narrow steel truss

bridge, furnished by American Bridge Company, who had also supplied the transmission line towers. Five barracks, an office and a kitchen a mess hall were built on the south side of the river near the dam for the approximately 300 men working at that location. We do not know exactly how many men were on the job in total; perhaps 500, some of them commuting. Rock excavated from the tunnel was processed for aggregate, and sand was obtained from a pit below the Big Eddy. Roughly 60,000 cu. yds. of rock were excavated, of which about 25 percent was taken from the power house site, where the wall of the gorge had to be cut back for clearance and to prevent falls. About 100 tons of dynamite were used in excavation, and over 16,000 cu. yds. of concrete were poured, if we have added up the available figures correctly.

Two visible features of the job, one of major and the other of minor importance to the design, might be of interest. It will be recalled that all the original schemes had called for an intake tower above the dam, but that the writer had suggested using the deep gates at the north end as water passages to a chamber with a vertical shaft dropping to the tunnel, which by his plan was to cross under the bed of the river below the dam, from north to south. This plan was considered worthy of consideration by Stone & Webster, but exploration showed a fault in the rock, where the crossing would be, which might cause some trouble. However, it led to serious study of the possibility of cutting through the dam in another place, and after consultation with Hardy Ferguson, it was agreed that this could be done. Accordingly, two heavy buttresses were built against its lower face near the south end, forming the sides of the suggested chamber, from which the intake shaft dropped straight down, on the line of the tunnel. A heavy

bulkhead was built above the dam, and some 800 cu. yds. of concrete were removed from the structure between the buttresses to make a water passage; walls were built upstream of the dam on each side of this to make a forebay, and the gate and racks mentioned above were installed.

The second, and less important, involved the transmission line. As we have noted, this was originally to have been on steel, but by the time it was decided that wood poles would have to be used, under the conditions which we have described, it was getting late, and the writer found that wooden poles were not all that plentiful either. The specification called for penta-treated western cedar, which was smooth, straight, light-colored and unavailable. A concurrent search for southern pine poles was equally unfruitful, and hardwood for crossarms was non-existent. The result was that he had to take what he could get, and the transmission line structures were not built of pole line material at all, but of cresoted wharf piles. While these were selected sticks, none of them were straight. An effort was made to pick out the worst and put them back in the boondocks, saving the best for more visible parts of the line, but this was only partly successful, as work was going on at several places at once, and the material of course did not all come in one shipment. So if one wants to know why the wooden structures between McKay station and Millinocket, which are still in use as this is written, are not as sightly as they might be, the answer was the Korean War.

With all that we have described going on, there had been less emphasis than in former years on the acquisition of additional

timberland, but there had been some opportunities to buy, and by the end of the year the Company's holdings stood at 2,206,000 acres.

In June, 1951, John Paul Jones inquired as to what if anything was being done about the Saskatchewan proposition, and in July William O. McKay put the writer's report before the Board of Directors, who did not reject the idea off-hand, but did not give it much encouragement either, and it was left for further consideration. However, a move was made in September which was to generate, in the course of time, a multi-million-dollar calamity. This was the decision to acquire membership in the Empire State Paper Research Association, Inc., which we mentioned a little while back.

"ESPRA", as it was called, was made up of a group of paper companies, the only one we remember being St. Regis, who had sponsored experiments at the Pulp & Paper Research School of Syracuse University on the grinding of hardwoods by what was named the "Chemi-groundwood" process. In this, whole sticks were pretreated by cooking under pressure in a neutral sulphite liquor, the loaded "digester" having first been put under vacuum to remove part of the natural moisture from the wood and assist the penetration of the cooking liquor, which after use was drawn off, fortified and re-used. The wood, after this softening process, was ground in the conventional manner. Hardwoods could of course be ground anyway, but the fibre was very short; not much more than flour; and power consumption was high. The claim for the new process was that it produced a longer fibre, of much greater strength than softwood fibre, and while shorter than the latter,

suitable for use in many grades of paper; and that the horsepower day requirement per ton of pulp was considerably less than that for softwoods. The experiments had been completed, the process, being considered successful, had been patented, and membership in FSPRA, which carried with it the right to use the patents without royalty, and gave the member the benefit of advice and consultation in the design and operation of a Chemi-groundwood plant, was about to be closed. This development was brought to the attention of the management by Pete Heuer, who had been in charge of an experimental installation at the small Harrisonville, N.Y. plant of St. Regis. While no commercial plant had ever been built, it was decided, in view of the emphasis on the use of hardwoods, that it was worth looking into, and a membership, costing $5,000, was taken out. What came of this will be discussed later.

Shortly after Thanksgiving in 1951, William O. McKay, returning from a trip to New York, called his staff into his office and told them, unemotionally, although he was obviously in a highly disturbed state of mind, that he had been asked to step down as President at the end of the year; that his place was to be taken by a man named McDonald, about whom he knew nothing except that he was President of one of the southern paper companies; and that the head office would be moved to Bangor. He added, almost as an afterthought, that he would still be a Director; would replace Sheldon Wardwell as Chairman of the Executive Committee, and would retain part of the space at 201 Devonshire Street as an office for himself, one of the secretaries to remain with him.

To the best of our knowledge, he had no warning of this action. In spite of the efforts he had made, the New York Directors had

decided that he just did not have what it was going to take to carry out whatever program to expand the Company might be decided upon; not that they knew exactly what this was. As we have seen, a number of possibilities, most of which included kraft, had been raised, and most of which would involve a heavy program of borrowing, and while William O. McKay was a fine administrator, he had no experience with kraft, had little expertise in corporate financing, and his conservatism and well-known fear of making mistakes did not give them confidence in his ability to make for them a solid decision as to the path the Company should follow, and adopt a bold approach to it. What they wanted, as one of them told the writer later, was "a builder". They had quietly looked around for a man with a proven record of such accomplishment; had found him; William O. McKay had to go; and the most expeditious way to handle the matter was to do just what they had done.

As far as we know, Dick Caspar and the Boston directors were not apprised of this move in advance. At least, Sheldon Wardwell and Hilbert Schenck expressed shock, and talked about putting up a fight -- after the fact -- but William O. McKay vetoed this, as it would have done no good. There were bad vibes from other sources when the word got around. A lot of people, in and out of the organization, were puzzled and unhappy. One of Garret Schenck's daughters, a very tough-minded and outspoken person, was furious. The writer talked with her more than ten years later, and she was still furious. The State of Maine buzzed with rumors. The Boston office was flooded with inquiries as to what this was all about, but the Boston people, from long practice, were adept at answering questions without providing any information, which was

easy at this time, as they had no information anyway.

The feeling of the Boston staff was at first one of outrage, more at what they considered to be the humiliation of William O. McKay, who had given himself so completely to Great Northern for so many years, and to whom they were so devoted, than at any effect it might have on themselves. Only Creighton Stanwood took a personal view, declaring immediately that he would not go to Bangor, and he never did. William O. McKay publicly affected graceful acceptance of the situation, but privately he talked with a few of his immediate associates about withdrawing from the Company altogether, or of asking that his salary, scheduled to remain at its existing level, be reduced, as in his new capacity of Chairman of the Fxecutive Committee it was an honorarium. They, however, unanimously urged him to stay on as long as he could, and take everything he could get, and to this he finally agreed. What we have just written indicates the effect that what had been happening, culminating in the shelving of William O. McKay, had had on the organization. Never in the past would there have been such cynical advice. Their thoughts had always been more of what they could do for the Company than what they could get out of it. They had given it the best they had because that was what they ought to do, and they always would, relative to the situation, but the old order was changing, and things would never be quite the same again.

The President's first concern, after getting over the shock, was for the organization. The whole executive and administrative force was studied, to see if there were any, particularly the older men, who for any reason might be considered misfits by the new administration; there being no information as to who, if anyone,

the new President would be bringing with him; and who could, if it seemed to be necessary, be moved out of the line of fire. One of the results of this was the appointment of Frank Keenan to the position of Traffic Manager on December 27th. Fd Black, who had taken over this job in the spring, had recently suffered a very severe coronary attack, from which he was at first not expected to recover, and was still in hospital. His doctor's opinion at this time was that while he would be able to return to work, it should be of a routine nature. Not being sure what attitude the new President might have toward an executive with his handicap, William O. McKay felt that he would be in a safer position, in case of an overhaul of the organization, if he was back in the Traffic Agent's position, and the writer had the unpleasant task of visiting him in the hospital to tell him that he had been relieved, and that Frank Keenan, who was present at this interview, would take over. Fd Black seemed to accept the situation, but upon his recovery he did not go back to his old job, and resigned in April, 1952. It was later learned that he felt that he had been treated unfairly. Perhaps so, but the action was taken with the best of intentions, William O. McKay's purpose being to protect him, not to promote Frank Keenan, and Fd Black had known that his situation was tenuous anyway. Another result was that as one of the last acts of his administration,typical of him under the circumstances, William O. McKay pushed through salary increases of $2000 a year for each of the Vice-Presidents; $1000 for the Treasurer, and lesser amounts for some of the department heads and assistants, his idea being not so much to give them more money as more status when the new President examined the salary list, which he was sure to do.

On December 19th, Dudley Ranney resigned from the Board of Directors to make a vacancy. Manuel C. McDonald, was elected in his place, and was also elected President as of January 1, 1952. Word got around that there was not going to be any blood-bath, and while some people were nervous, things quieted down, and the organization awaited developments with a certain amount of anticipation. After all, the "giant hiding in the Maine woods" had at last begun to stir, and this, no matter what happened, was exciting.

And so ended this memorable year.