

Timber!

The Fall of Maine's
Paper Giant. . .

A chronicle of Great
Northern Paper Company
in the 1970s and 1980s

by Paul K. McCann

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Foreword

The chapters that follow tell of events in the history of Great Northern Paper Company in the 1970s and 1980s.

Two former company presidents were among those who suggested that I consider writing about this period. As manager of public affairs, I supervised the editing and publishing of an abridged history of the company's first 70 years.

When I discovered my health was deteriorating in 1992, it seemed appropriate to get as much done as possible and offer copies of the earlier history to the libraries. I am particularly pleased that this text, as well as a set of the weekly newsletters of the public affairs department, has been accepted for the special collections of the Fogler Library of the University of Maine. The newsletter was the only continuing management publication over those years.

The company was structured in 1991 as a subsidiary of Bowater Inc., after purchase from Georgia Pacific Corporation of the land and facilities once owned by Great Northern Paper. This text covers the years prior to the GP takeover of Great Northern Nekoosa, parent company of GNP.

What I have written isn't of the scope of John E. McLeod's original history, or as comprehensive as the published version abridged by W. C. Langzettel. The abridged version was published under the title "The Northern - The Way I Remember." Only the highlights of two decades are included in my text. I have written a summary of the company's first 70 years in early chapters to allow the text to stand alone. I regret errors of fact. Please remember I was always a journalist at heart and lacked the qualifications to be a technical writer. This background will allow you to better understand my approach to writing and my shortcomings in dealing with some subject matter. My opinions will not be shared by all. I have intended no disrespect to any person in my recollections and apologize for omissions or for misinterpretations.

I hope this manuscript will be of value to those with an interest in a company which was truly an industrial giant in Maine. I believe all of us who played a part in the company's ups and downs in the 1970s and 1980s hope that the company will again prosper, allowing Maine people to share in the benefits of such success.

I thank those who have helped me with the fact-finding, tolerated my questions and corrected some of my errors.

This version, dated January, 1994, includes a number of changes from that accepted by the university. The type has changed as a result of a new computer. Hopefully the new computer's software has reduced the spelling and grammatical errors which were all too abundant in early

revisions. Changes have also been made to reflect errors of fact and additional information.

The publication in book form of *Timber! The Fall of Maine's Paper Giant* was made possible by a friend and former colleague, Richard W. Noyes.

Paul K. McCann

Surry, Maine

January 1994

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In the Beginning: World's Biggest Mill; Lonely Farm On Penobscot the "Perfect Site"

Papermaking in Maine began in 1731 in Falmouth. The industry was well established by 1897 when the first steps took place leading to the creation of Great Northern Paper Company. The Legislature chartered a corporation to develop the water power potential of the Penobscot River's West Branch, flowing through what is today the community of Millinocket.

"Great Northern was organized to take advantage of a mill site in Maine that was perfection personified for a papermaker," wrote one of the last of the Bangor "captains of industry." Curtis M. Hutchins, owner of Dead River Company, was the author of a company history published in 1973. Hutchins' comments provide a rare insight into the early days of another company, one that became the giant of the paper industry in Maine.

"The guiding force behind Great Northern was Garrett Schenck, its president, and, with the Nineteenth Century drawing to a close, Schenck was still looking for a solution to a problem that would plague him again and again in the early years of Great Northern. It was money, or more than a fraction of what was needed. Eventually his search for capital led him to Oliver H. Payne of New York. Payne was a man of wealth and so was his brother-in-law, William C. Whitney, then Grover Cleveland's Secretary of the Navy.

"Of no less importance to Schenck, neither was a stranger in the pulp and paper business. In 1890, Payne and Whitney had been among those who created the Manufacturing Investment Company which proposed to build a string of pulp mills that would use a new German chemical pulping process with the improbable name of "Mitscherlich." A 50-ton mill was built on the Kennebec at Madison; another at Appleton, Wisconsin. Since neither ever made money, Appleton was the end of the line.

"Thus, in 1898, Schenck, the owner of a mill he didn't want, could start constructing a mill he did want. It was built on a lonely farm not far from the recently completed main line of the Bangor and Aroostook Railroad, and the town Great Northern built to house its working force was named Millinocket after a stream that carried off the discharge water of the mill's hydraulic turbines.

"Busy though Schenck must have been with his project at Millinocket, he still found time to do something about Madison. He put in two paper machines and the facilities required to produce groundwood, and in November, 1899, Madison turned out its first roll of newsprint. Just one year later, on November 9, 1900, newsprint came off the machines at Millinocket.

"In 1906, the insatiable Schenck was building still another mill, this one a few miles down the Penobscot from the Millinocket mill. Once again a town was needed and was built. Its name was no triumph of imagination. Great Northern called it East Millinocket."

Hutchins' father, the founder of Dead River, was a partner in the firm that supplied the Millinocket and East Millinocket mills with coal. When Schenck ran short of money and needed help in protecting Great Northern's timberland base, Dead River got into the business of managing timberlands. Having withdrawn from the forest products industry, Dead River in 1992 was best known as a leading supplier of oil and gas. John Cox, a retired Dead River vice president, said Hutchins personally wrote every word of the book.

The site of the Millinocket mill was identified by a Greenbush native, the engineer Charles Mullen. He was running a main line survey in 1891 for the Bangor and Aroostook Railroad. His enthusiasm reflected the energy potential of a site with a tremendous fall of water, a railroad and a vast stand of timber.

Great Northern was actually born when Schenck entered the picture. After learning the business from the ground up, he focused on Maine because of abundant raw material. He managed an Orono company before building a giant mill at Rumford. His personality and abilities were to mold Great Northern for years to come.

While the company's first products came from Madison, it was in Millinocket that the company staked out a claim to fame.

On November 1, 1900, the first paper came off a machine in a mill which had been rushed to completion in a massive construction project involving as many as 1,500 workers. The bulk of the construction took place in the winter of 1900 with Chief Engineer Hardy S. Ferguson in charge of the spectacular undertaking.

So spectacular, in fact, that special trains brought sightseers to the scene. Not only did they see a mill taking shape, they also saw the birth of the Town of Millinocket. A backwoods farm with a few people became the "Magic City" surrounding a 150-ton-a-day mill.

"But no man can realize what an enormous industrial establishment this is unless he goes to Millinocket and sees it," reported a magazine writer.

The "head" of water on the West Branch which had attracted Mullen's attention now dropped 114 feet from a dam into the new mill.

From some 250,000 acres acquired by the company in its infancy, Great Northern's holdings increased to over 2,100,000 acres. From those and other lands, the trees were cut which were sent down the West Branch and by railroad from areas to the north to become the pulp for papermaking.

While the woodlands base of the company was expanded over a period of years, Schenck is credited with moving quickly to expand papermaking facilities. In 1907 the second newsprint mill was completed at East Millinocket with a companion hydroelectric development.

The company added paper machines and speeded up others to increase production while building a tradition of success which lasted for years.

Great Northern's machines were the first in the industry to make paper at a speed of 1,000 feet a minute.

For years, 1904 was remembered as the only red ink year in company history.

When the company broke a tradition of secrecy and issued a one-page balance sheet in 1931, the *Bangor Daily News* commented in an editorial that the summary told a story "unequaled even in fiction. This industry, the Great Northern Paper Company, still in its infancy, means more to the people of Bangor and Eastern and Northern Maine than the average human intellect can comprehend."

The company's aggressive pricing policy made it a giant in the business. In 1938, *Time* magazine reported, "Many publishers in recent years have contracted for their newsprint on the condition it (the price) not be above that asked by Great Northern. What Great Northern's competitors regard as its inexcusable policy of price cutting has worked out well for Great Northern."

In his history, John McLeod wrote that when Schenck died in 1927 "he had done what he had set out to do...he had built an organization. It was not perfect, being made up of human beings, but each of these, every one, each in his own way, and in his own place, was completely devoted to the welfare of the company and utterly determined to produce what was asked of him. It was unique."

While GNN prospered, Not So GNP; After Years of Stagnation, All Down Hill

For a half century, GNP grew and prospered within the structure of the company as created by Schenck.

When directors went outside the organization to hire a president in 1951, they selected a man with a reputation as a builder in the paper industry. Manuel C. McDonald became the fourth president of GNP and immediately went to work planning the expansion and modernization of the East Millinocket mill.

Two machines designed to be the widest, fastest and most efficient producers of newsprint in the United States were installed. They were like nothing any Great Northern Paper man had seen. The project was completed in the mid-1950s.

McDonald next turned to the Millinocket mill where he had the goal of converting old newsprint machines to making other grades of paper. The company targeted the magazine and catalog fields. In an addition to the Millinocket mill, a coater was installed.

McDonald's successor was Peter S. Paine who was convinced that GNP needed to expand into the South. Any one who has an acquaintance with people in the paper industry has heard about the many advantages of the region. Trees grow faster and contain more fiber than those grown in the northeast. There was the strong perception of a better business climate with lower construction and operating costs. Labor unions were less militant. State governments in the South were actively recruiting industries, offering to slash regulatory red tape.

GNP found a partner in the Great Southern Land & Paper Company that was building a linerboard mill in Cedar Springs, Georgia, a little town on the Alabama border, not far north of the Florida line. Talent from Maine went south to help with the construction. In 1963, GNP became sole owner. The mill was quickly expanded and eventually became one of the biggest in the business, as well as probably the most efficient in the 1980s.

Nekoosa-Edwards Paper Company, with roots that can be traced back to the first sawmill in Wisconsin, also had a southern strategy and was building a paper mill in Ashdown, Arkansas. In Wisconsin, Nekoosa-Edwards' mills had converted successfully from newsprint to business papers.

In 1970, the two companies merged.

The original Maine corporation created in 1897 became Great Northern Nekoosa Corporation. Decentralization under Paine's successor, Sam Casey, saw GNN split into three operating branches, Great North-

ern in Maine, Great Southern in Georgia and Nekoosa Papers in Arkansas and Wisconsin. Technically, Nekoosa Papers was a subsidiary.

Following the merger, GNN made the installation of an eleventh paper machine in the Millinocket mill a priority, but after that the corporation's major projects were in the Ashdown and Cedar Spring mills, and later in Mississippi.

The Ashdown mill was expanded with a second paper machine added.

Next, and in several increments over the years, the machines at Cedar Springs were modernized and production increased.

In 1984, a kraft pulp mill was completed in New Augusta, Mississippi, and in one stroke GNN was established in the pulp sales field. Even during an economic downturn, construction continued in Mississippi. Budgets were reduced in Maine, and elsewhere in GNN, to find construction funds for the new mill. Leaf River Forest Products became the fourth operating company of GNN. Leaf River was a 95-5 partnership with a Finnish corporation, which had owned a sawmill on the site.

The Leaf River project was the high spot of Robert Hellendale's year as GNN chairman. Hellendale had succeeded Casey, another corporate lawyer, who had risen to the top via the Nekoosa route. Hellendale's choice as a successor, Peter F. Yacavone, had to step aside for reasons of health. William Laidig, president of Great Southern, came north to fill the job. An engineer who started with Nekoosa in Wisconsin, Laidig played a leading role in the Arkansas expansion, and moved from there to Great Southern in Georgia.

Butler Paper Company, acquired in the 1960s by Nekoosa, rapidly became one of the largest paper converters and distributors in the country. One company after another was purchased. Butler was split from Nekoosa Papers and became a fifth operating company of GNN in 1985.

Finally, Great Northern Paper successfully bid for GNN funds for major modernization, and \$155 million was approved for rebuilding the two newsprint machines installed a half century before at East Millinocket. This good news was followed by a shocking development.

In 1987, plans to eliminate 1,200 jobs were announced in a restructuring designed to improve Great Northern Paper's earnings. The company promised assistance for laid off employees, and help as well for the mill towns.

GNN continued committing funds for the modernization of the newsprint mill as the reductions in the labor force continued.

In the same year, GNN bid \$1.15 billion to acquire the Forest Products Company of Owens-Illinois with mills in Georgia, Virginia and Wisconsin. The annual capacity of the three mills of over 1.1 million

tons was added to approximately the same capacity in Cedar Springs. Renamed Nekoosa Packaging, the acquired company became the sixth operating division of GNN.

In 1989, plans were announced to spend a half billion dollars to make the Ashdown mill the largest facility of its type in the world by mid-1991.

For Great Northern Paper, the 1980s ended with a company that had been a moneymaker for its first 50 years, and was now a loser month after month. Once the largest single employer among operating companies within GNN, it was now fourth. Once the operating company with the most production capacity in GNN, it was now fourth.

After 70 Years, Modernization Means A Long, Long, Long Learning Curve

Making paper for commercial markets requires machines—big machines!

When the Millinocket mill went into operation, eight machines in the world's largest newsprint mill each had a "wire" (the endless, woven mesh belt on which the paper sheet was formed) 70 feet in length and 152 inches wide and lay flat.

There was more of the same when the East Millinocket mill went on line in 1907.

Historian McLeod said that by the late 1920s and the early 1930s "new Canadian plants were, for the most part, turning out paper on high-speed machines half again as wide as any of the GNP 16, eleven of which were somewhat modernized vintage 1900.

Plans were junked by a company president in the 1940s for machines of 234 inches in width in favor of new narrow machines, which meant more of the same.

So when in the 1950s the first of two new machines were added in East Millinocket, McLeod said "...it was nothing like any Great Northern man had seen.

"It was 375 feet long with a wire 137 feet wide and the sheet was removed from the wire full width by a pick-up felt. There were 54 dryers, each 60 inches in diameter, in three sections and an open-sided, 10-roll calendar stack, different from older styles in that a roll could be pulled out without tearing down the whole stack.

"This machine was designed to be the widest, fastest and most efficient newsprint machine in the United States. It was expected to turn out from 200 to 250 tons a day." The machine and a second installed in the mill had speeds of up to 2,500 feet a minute.

With the two machines, the East Millinocket mill had a total of six and a capacity of approximately 1,000 tons of newsprint a day. The small machines were modernized, in some cases, to improve quality of product.

But it wasn't until 1972 that a modern machine was installed in the Millinocket mill. An investment of \$50 million by a newly created GNN was made in a so-called verti-former with a trim of 297 inches (compare that with the other machines in the mills which were from 140 to 148 inches wide). The chief advantage of such a machine was significant: quality on both sides of the paper was virtually identical.

While other machines produced paper with different textures on either side of the sheet, a result of one-sided water removal in the papermaking process, the texture of the verti-former was much more uniform. The process was a better assurance of uniformity, sales literature would tell customers.

"Ultra 11," as it was named, was designed to produce lightweight paper for telephone directories and mail order catalogs. But from the beginning, the machine was a headache for the papermakers charged with starting it up. The problems were many, more than one expects even in the paper industry, where long periods of agony for all those involved is frequently experienced before the ecstasy of profits. Some management people, worn out trying to make No. 11 live up to expectations, were moved to other jobs. A top manufacturing man moved on to another job (a better one, it turned out) with another company. But the papermakers in the mill, the researchers who backed up the mill team and others in the company, "hung in there" and were around to see the machine become immensely profitable. They rebuilt many elements of the paper machines, step-by-step, at a cost of millions of dollars.

When it was all over, Great Northern had a very competitive product, one which salesmen said attracted customers by reputation. Bill Cozens, vice president for sales, said that directory paper off No. 11 had such a favorable reputation that it could be sold anywhere in the world. Telephone companies in Indonesia, Australia, countries of Latin America as well as most U. S. companies, who published directories bought the paper made in Millinocket.

When GNP was trying to remain a major supplier in the northeastern regional newsprint market and *U.S.A. Today* became a standard for printing excellence, it was paper from No. 11 that enabled the company to hold market share. Gannett, owner of *USA Today*, accepted a satisfactory No. 11 product until the rebuild of the two wide machines in East Millinocket was completed.

When No. 11 was installed, a primary clarifier was added in Millinocket to treat discharges from the mill to the Penobscot. The state was engaged in a massive cleanup of pollution in the state's rivers which climaxed in September of 1976. In Maine, the paper industry spent \$110 million on pollution abatement facilities, \$30 million by Great Northern.

The \$5.5 million clarifier in Millinocket was a huge concrete vessel in which the suspended solids that are heavier than water settled out and were pumped away. A 40-acre secondary lagoon was added in which soluble solids were removed before the water was returned to the river. A clarifier went on line at East Millinocket in 1974 followed by a secondary system. Secondary sludge was hauled to a landfill at Dolby.

So while the company didn't add new production facilities during this period, engineers were busy with construction and start-up of the pollution abatement plants. The towns of East Millinocket and Milli-

nocket cooperated with the company by approving tax free bond issues for the four projects involved. Other communities and companies followed the same financing route.

For years, visitors to the Millinocket mill were treated to a look at No. 11 in its huge, modern facility with adjacent computer room, training facilities and offices. This was Great Northern at its best.

So also, visitors were told, was the sulfite recovery system which the company had installed before the No. 11 project. It was a decisive move in GNP history because management decided to stick with the sulfite process, instead of converting to kraft as did other Maine mills. Those involved said that sulfite pulps provide the strength and other qualities preferred for newsprint and groundwork printing papers. The sulfite recovery system won national attention because waste that previously had been a water pollution problem was burned to generate electricity.

There was another spark of newness in the sprawling old mill. At the time a \$200 million investment was made in the Ashdown mill, \$13 million was allocated to rebuild No. 10 paper machine. A gate roll coaster was added to allow production of 45,000 tons a year of Baxter Text, billed as a low cost alternative to free sheet in the printing of magazines and hard and soft cover books. It was a good investment, according to the sales department, paying off quickly at the anticipated rate of return.

At one time or another in the decade before the restructuring started, a few million was spent on almost all of the machines.

In the 1980s one plan which got serious consideration was a proposal to rebuild the Millinocket mill with three of the rebuilt machines, the off-machine boater and No. 11 as the core of the business, while awaiting installation of one or two new machines. But the idea took second place to the final company proposal to add a new machine that would, with a completely rebuilt No. 11 (at that time 20 years old) constitute the sole papermaking units in the Millinocket mill of the future. The two would produce 60 per cent as much paper as was made with ten machines in the 1970s with a few hundred workers, instead of a thousand or more.

All of these proposals were contingent on huge investments by GNN to modernize the pulp mill. The papermakers had to have a quality pulp with the brightness and strength necessary for high-speed printing on the printing presses of the day. Many people believed that researchers in Millinocket had found a way to provide a sulfite pulp which could provide the furnish for papers which could compete in the marketplace.

Diversification : Pinkham Acquisition; Kraft Pulp, Linerboard Proposals Fail

Tom Pinkham was equated with Paul Bunyan in Aroostook County. He was big and tough, yet charitable and very human, and best of all a success in a business where few made the grade. From logging contractor to mill operator, he moved up in the world and finally sold his Sperry Siding complex in Nashville Plantation (just north of Ashland) to Great Northern Nekoosa Corporation. Pinkham Lumber became a division of Great Northern Paper.

Soon the Pinkham mystique acquired a new dimension as word spread that the hero of Aroostook or the "bush" as he used to say, had become the largest individual owner of GNN stock as a result of the mill sale.

Pinkham had dreams and he needed the flow of GNN cash to make them become reality.

His "old mill" became one of two in the largest sawmill operation in the northeast and the "new" mill tripled production of spruce and fir lumber. This was the product that Pinkham and others in the Maine lumber business had worked long and hard to promote in eastern markets. They were convinced that eastern spruce and fir could compete with the western imports which so long had dominated the picture.

When an open house was held for three days to celebrate the expansion, Pinkham was joined by the president of GNP. Pinkham, used to associating with those in the woodlands department of the company, now found himself dealing with managers in all departments. He was a hero to the pulp and paper mill managers because of the high quality of the chips shipped to Millinocket for pulp production.

Once the Pinkham mills' profits for a month exceeded those of both the Millinocket and East Millinocket mills during a paper industry recession of the early 1970s.

But that was the exception. Most of the time the Pinkham mills struggled to make money in depressed housing markets. After Pinkham became part of GNP, the employees were unionized. Labor costs went up. So did the cost of raw material, in part because of higher costs in wood harvesting, but increasingly because of a gradual tightening of the market in The County. Owners of land wanted to stretch out their cash flow as spruce budworm salvage came to an end with inventories of merchantable stands depleted.

When the so-called Nader report was issued in 1973, the paper companies operating in Maine were criticized for diverting high quality timber into pulp. (And the writer was labeled the industry's "minister of

misinformation" in the public relations battle which followed release of the report.) The report was a source of controversy for a few years but most analysts considered the contents of the report out of date before it was published. And all during the 1970s and 1980s, those same companies were criticized for selling sawlogs into Canada that could have been used in Maine if markets had existed. The Pinkham expansion was a dramatic answer from GNP to that criticism. When additional proposals were considered to use other species of wood abundant in the forests of northern Maine, Great Northern Nekoosa backed off from making the further investments. The Pinkham expansion involved \$1 or \$15 million, the other proposals would have cost even more.

A study of the potential for a kraft pulp mill early in the 1970s died at the company level. It just wasn't feasible in the company management opinion to ask GNN for funds to build a new kraft mill at Dolt Head deadwater when the product from such a mill couldn't compete in the off-shore markets with pulp from older mills built with less expensive dollars. The abundant hardwoods (hundreds of thousands of cords) on company lands would have been the mill's raw material. The project involved hundreds of millions of dollars.

Another kraft mill was being expanded by GNN in Arkansas when the end product had a much higher return on investment because of domestic demand for business papers. The same people evaluated the two projects. Separately, they agreed one was a loser, the other a moneymaker. That was the way it was in GNN, most of the time. Governor James Longley asked for an explanation of why Arkansas was preferred to Maine and got the facts from Hellendale. The higher costs of doing business in Maine ranged from wood markets to workers' compensation insurance were explained with GNN data.

In 1978, despite a rosy forecast for earnings, the GNN board of directors refused to approve the construction of a waferboard (a low cost substitute for plywood) mill at East Millinocket. GNN already was in the lumber products business in other divisions but in this case the reason for the refusal was that the corporation wanted to continue doing what it knew best, making paper. Only \$30 million was involved and accountants said the RIO (return on investment) was very favorable. The raw material would have been the poplar on company lands.

Later Louisiana-Pacific, with an ex-Great Northern employee plotting strategy, built a mill near Houlton which resembled the plan turned down by GNN. The New Limerick mill was a big success! A second was built at Easton in Central Aroostook County by J. M. Huber.

The simmering opposition to diversification within GNN came to a head in the 1980s when the corporation made a decision to sell off its woods product operations not incorporated into the pulp and paper mill of operating companies. That meant a plywood mill in Georgia and sawmill in Mississippi would be retained. Pinkham Lumber went on the block. A buyer was never found. GNN was determined to the end to remain a paper company.

CHAPTER V

Energy Crisis of '73: Closing the Mills? Next? Conservation? Coal? Wood? Hydro?

The papermaking process is energy intensive. But the industry as a whole had been a pioneer in cogeneration, making electricity from steam required in papermaking.

That was true of Great Northern Paper. There was one difference between GNP and most other papermakers. From the beginning, GNP was structured to take advantage of the opportunities to generate hydro-electricity on the West Branch. Most people believe the company's system was unique for an industry in this country. It was described in trade publications as the nation's largest industrial hydropower system.

Included were six generating sites and 13 storage dams in the upper reaches of the watershed that covered over 2,000 square miles. The waters of the melting snows in North Country were trapped and released from a system with a capacity to store 58 billion cubic feet to power the mills in Millinocket and East Millinocket.

Under average conditions (and there were very few dry years), slightly over half of the two mills' electrical load of 160,000 kilowatts could be obtained from the 31 hydroelectric generators in the six stations.

While Great Northern generated power with waste from its sulfite pulping process and from mixing waste bark with oil in one not-so-efficient boiler in Millinocket, the mills had to have oil to operate. The oil came from Searsport, twenty or thirty cars a day, via the Bangor & Aroostook. With Irving Oil, the company shared ownership of storage tanks in Searsport.

When K. C. Irving, the legendary industrial developer in New Brunswick, built an oil refinery on the shores of the Bay of Fundy east of St. John, Great Northern signed a contract to become a major customer.

When the Arab oil embargo of 1973 materialized, the Irving company found it couldn't deliver the usual shipments to Searsport because of a Canadian government ban on exports. Supplies were tight in eastern Canada, or so it went with the official line from Ottawa.

In Millinocket, the countdown started as Great Northern measured supplies against operating needs. The Maine press and the nation's business press closely followed every development. When some industrial oil (No. 6) was located in southern Maine, a fleet of chartered trucks rumbled north providing a few days supply.

Christmas was near at hand. Great Northern had to save enough oil to heat the mills in the winter months. A decision was made, quietly, and never announced, to put enough aside to meet the needs of the people in the mill towns.

With Edmund S. Muskie as Maine's senior senator, Maine had a bridge to Ottawa and the government of Premier Pierre Elliott Trudeau. The Irvings, ethical and honorable as always in business, put their considerable political clout behind the effort to reverse the boycott of exports.

GNN Chairman Casey, Hellendale and Jerry Perkins, director of purchasing, flew to Ottawa and knocked on doors, pleading their case. The Great Northern case was strong. There were hundreds of Canadian workers on the payroll. Canadian firms were major suppliers of goods and services. In addition, it soon became obvious that there was more to the situation than met the eye: reports of a slowdown in across-the-border deliveries by U.S. companies on the West Coast.

Within hours of the time when a decision on closing down the two mills had to be made, an Irving coastal tanker left St. John for Searsport. The Canadians had relented.

But that crisis left Great Northern, the financial community and most important of all, its customers, recognizing how vulnerable the mills were to an oil cut-off. Those loyal customers had rallied to the company's support, effectively lobbying the Congress to pressure Canada to release oil for the Maine mills.

The company solution was to start developing a strategy for energy independence; at least that was the public relations theme.

There were four parts to the plan. If all were approved, the oil use in the mills would be reduced from 2.4 million barrels a year to 400,000.

A bark boiler was planned in East Millinocket which in the event of an oil shut-off would allow 60 per cent production—600 tons a day.

In Millinocket, two 300,000 pounds-per-hour boilers would be converted to coal at a cost of \$80 million. Anthracite from West Virginia would be brought up the East Coast to Searsport by barge and from there delivered by the Bangor & Aroostook. By using 200,000 tons of coal, 800,000 barrels of oil a year would be eliminated. The president and others from the company visited a mine from which coal would be purchased. With support from Rob Gardiner of the Natural Resource Council of Maine, permits were obtained for the project.

Construction of a 34,000 kilowatt hydroelectric generating station was studied, but construction was put off.

The fourth part of the plan was aimed at energy conservation.

But the GNN board of directors stunned management by putting off approval of the coal project at the last minute. Soon talk of \$90 a barrel for oil vanished. The Millinocket mill had again failed to attract dollars.

Millions were allocated for the modernization of existing generating systems and storage facilities. A one-of-a-kind computer system was installed to maximize water flows. Throughout the company, energy

conservation had a high priority. It became a full-time job for highly skilled people. They were the motivators who kept the company's management on track as oil consumption was drastically cut.

The importance of the company's energy system had been recognized internally a decade before the energy crisis. A power systems manager had been designated who ranked on a par with the managers of the two paper mills under the manager of manufacture. The first was the studious Dick Hill, the second the aggressive Paul Firlotte, who quickly assumed the role of company spokesman on energy issues. His ability to communicate was one reason why Firlotte was selected for the job in the early 1970s when energy was an emerging issue.

GNN quickly allocated \$35 million (it turned out to cost seven million dollars more) for the bark burning boiler at the East Millinocket mill. This took place at the same time a West Branch hydropower project was put on hold.

The new boiler was designed to burn 1,400 tons of bark a day, replacing 413,000 barrels of oil with 460,000 tons of bark. The boiler, when integrated into the company power system serving both mills, would produce 300,000 pounds of high pressure steam every hour. A turbine then converts the steam to low pressure for use in the paper mill, enough for 60 per cent of its needs. The turbine also drives an electric generator.

The boiler was housed in a new building covering 10,000 square feet, 100 feet high. It was one of several buildings involved in a system for receiving, processing and storage of bark. A \$2.4 million dust collection system was included. Bark has a high water content and the boiler built in Ontario was designed to use bark containing up to 60 per cent water. While other mills had boilers designed to burn waste wood or bark, the East Millinocket facility was the biggest in Maine at the time specifically designed for bark burning.

Members of Congress, governors, legislators, businessmen and hundreds of others flocked to see the system which began operation in 1980. Others in Maine were burning wood waste and generating electricity to sell to utilities. Under federal laws encouraging investment in generating facilities, some paper companies were buying back power sold to utilities at a lower rate than that at which they had sold the electricity. Great Northern's project was an insurance policy for a mill and hundreds of employees.

At the time the bark boiler was added to the system, the two mills had seven other boilers. In one of the seven, spent sulfite pulping liquor was the fuel. Bark and oil was mixed in another old boiler in Millinocket. How big was the company's power system? Engineers estimated Great Northern could have met the needs of a city the size of Nashville and the home of Grand Ole Opry had a population of 450,000 at the time. But there was another plus in a time of growing environmental awareness. Bark was a major waste problem and hundreds of thousands of tons of

the stuff were buried near the two mills.

When the bark boiler was started up, it was one of many such investments in cogeneration and alternate fuels by paper companies, lumber mills and other businesses. Some took advantage of federal tax incentives for financing such projects. Many Maine mills did so. Some ended up selling electricity to power companies at a higher rate designed to attract investment and buying it back at a lower rate. Scott Paper was a leader in this field.

But GNP decided against getting involved in such projects when approached by Bangor Hydro-Electric Company which suggested a partnership in Millinocket. There was another proposal, also turned down, that Pinkam Lumber install a generator and sell power to Maine Public Service. After being forced to shut down a "tepee" burner because of air pollution standards, a boiler without a turbine for power generation was installed by the lumber company. Steam from the boiler was used to dry lumber. Bark not burned in Nashville was shipped to East Millinocket.

Great Northern Paper emerged from the energy crisis with only the East Millinocket measuring up against the competition. But the progress over-all was important. From a peak of 2.4 million barrels a year, conservation projects cut use by over 300,000 barrels. The use of bark as a substitute fuel reduced consumption by over 400,000 barrels. The company in 1987 was left with a demand for 1,400,000 barrels of oil a year instead of the hoped-for 400,000 which had been the objective a decade earlier.

Great Northern's Two Million Acres; Challenge of Protecting the Resource

Cutting rights in Baxter State Park...roads opening up remote areas...mechanical harvesting...zoning of one out of three acres...a federal Wild & Scenic study of the Penobscot..."Grand Plantation" scheme to organize the unorganized townships...Dickey-Lincoln project...managing recreation on the St. John...spraying to control the spruce budworm...clear-cutting...Appalachian Trail...Indian land claims...Canadian labor in the woods...herbicides...intensive forest management...

One issue after another, sometimes concurrently, swirled around the ownership of the timberlands of Great Northern.

These lands were the source of much of the pulp for the mills in East Millinocket and Millinocket and the sawlogs for Pinkham Lumber, as well as raw material for many other wood users, large and small.

Most of the company lands were open to the public.

Statewide public opinion polls in the 70s and early 80s showed most people were aware of Great Northern's ownership. The vast majority viewed the company as a responsible manager. One poll, taken by New England Telephone, showed more people had positive feelings about the paper company than about L. L. Bean, the Freeport champion of the catalog market.

Ten per cent of the State of Maine, over two million acres, was in Great Northern ownership. There were holdings northwest of Jackman in the Kennebec watershed, remaining from the days when the company owned the Madison mill. Several townships bordered Moosehead Lake. There were a million acres to the north and west of Millinocket in the watershed of the West Branch of the Penobscot, as well as lands on the East Branch. Hundreds of thousands of acres were in Aroostook County. Some were near Houlton. Others were intermingled with those of major owners of timberlands west of Ashland and Eagle Lake. There were other lands in the Fish River drainage of far Northern Maine, managed out of a Fort Kent office.

The frequent flyers in GNP were reminded of the scope of the company's holdings when they traveled from Millinocket to the Pinkham mill for meetings. For those and others, flights on one mission or another provided a close-up look at the land Henry David Thoreau had made famous. Despite years of logging and the toll of the latest spruce budworm outbreak, the vast forest was a magnificent sight. It was a place of peace and harmony. A majority of those in decision-making roles in the company were hunters or fishermen or had camps on leased land in the region.

In the early 1970s, the company was caught up in a controversy that made headlines across the state. Finally a compromise was reached when Great Northern was paid to give up cutting rights in Baxter State Park. When he persuaded Great Northern to cooperate in creating the park, Governor Percival P. Baxter agreed that the company could keep cutting rights on some land. By purchasing only the land and not the valuable stand of timber, Baxter stretched his buying power, historian McLeod recalled. McLeod was most often the man who represented the company in dealing with Baxter, who purchased 60,000 acres from Great Northern, starting in 1930.

Most of the time there was a harmonious relationship between company foresters and park rangers. But it became apparent in the 1970s that others involved in park activities just didn't trust company people. As time passed, however, even park managers more and more turned on the company whenever they couldn't get their own way. Sometimes it was deserved, as it was in the case of the company representative who threatened park people during negotiations over a lease. Generally speaking, however, the company accepted its responsibilities as a neighbor of a significant Maine landmark.

But it wasn't easy. A *Maine Times* writer, who had a good sense of northern Maine, never would accept the fact that the company had no responsibility to create a buffer on company lands bordering the park. Yet McLeod said Governor Baxter told him he wanted to buy the land to protect the mountain top.

There were other examples of the difficulties created when a wilderness park was carved out of an industrial forest, not far from a mill town.

When Park authority planned a new headquarters, Attorney General Jon Lund was very upset when the company suggested a location on the edge of town. We tried to make him understand that the location the park wanted was earmarked in the community plan for business development. He insisted. As a result, next door to a very appropriate Baxter Park center is a McDonald's restaurant and a shopping center. The company said it would, and did, put the breaks on strip development on the road outside of town leading to the park where the other site was located. But GNP was already committed to business development in the area where Lund insisted the park headquarters be located.

There was a bitter war of words when state regulators proposed to impose pristine Class I air quality standards on the Millinocket mill because the town was only 20 miles from the park. Nothing happened except a classic debate. As years went by, the company reduced its emissions step by step while adhering to state and federal guidelines.

In 1974, a plan to organize the vast unorganized territory and take the right to manage so-called public lots away from owners such as Great Northern was rejected. It was proposed by Harrison Richardson, a Republican seeking his party's nomination for governor. The Portland attorney had the support of some Republicans in leadership, according

to former Senate President Kenneth McLeod, who made no secret of the fact that at one time he personally felt it was time for the state to assert itself. In the Brewer senator's view, "the paper industry had been acting like it owned the public lots." Labeled the "Grand Plantation" proposal, the idea wasn't accepted by the Legislature. Richardson also failed in his bid for the Blaine House. The debate, however, revived long-term interest in the question.

In Maine's early days, unsettled regions were divided into townships and offered for sale to raise funds for the new state's activities. In each of the townships, a lot was set aside and reserved for public purposes, such as schools. Some lots were identified on the grounds, some were not. When the state needed money, it also sold the rights to the timber and grass (needed by the horses used in harvesting timber) on the public lots. Now, many years later, researchers were debating the question of just what the state had sold. Had the sales covered only the timber and grass existing at the time of the transaction? Owners had managed the rights assuming the state had sold timber crops in perpetuity. A case could be made for both points of view. The lower courts seemed to agree with the owners of the rights who insisted they and their predecessors had purchased the stand now growing on the lots.

Sensing the question of ownership of the grass and timber rights was going to fester, Great Northern's president took the lead in seeking a solution. As a result, the company exchanged rights with the state on all such lots in which it had a 100 per cent interest. The pioneering exchange initiated by Hellendale was one chapter in a long-running story that commanded headlines and editorials in the Maine press. It wasn't just the paper companies claiming title to the grass and timber rights. The Pingree heirs were involved, so were the Dunns, the Cassidys, the Cushings and many other distinguished families who had long owned timberlands. Seven Islands Land Company, Prentiss & Carlisle and the James W. Sewall Co. were among managers of lands involved.

Meanwhile, in 1975, perhaps the greatest test of company ownership emerged: the Indian land claims. The issue commanded national attention and required White House action before a settlement acceptable to the Penobscot and Passamaquoddy tribes, the State of Maine, the federal government and landowners, large and small, including Great Northern, was approved.

In 1978 another matter was settled. Independent Governor James Longley told the federal government the state wanted no part of proposals to designate the Penobscot's West Branch as part of the national Wild & Scenic Rivers System. Longley preferred action at the state level to federal involvement, according to Robert Haskell, president of Bangor Hydro-Electric Company, a man whose advice Longley sought. Haskell, a former Senate president, who served several days as Governor, knew the woods and waters of the area.

Several months after Longley rejected federal involvement, the company and the state agreed on a 78-mile scenic easement ruling out

development on company-owned lands on the upper West Branch, but leaving the way open for a hydroelectric project between Ripogenus dam and Abol falls. That was to be the site of the Big A project.

In exchange for the company giving up rights to develop land in the river corridor, the state agreed to supervise recreational use of the area. Several years later this approach was taken by the state and landowners along the St. John river.

The Penobscot easement was followed by the settlement of the controversy over the public lots. Great Northern at one time held cutting rights on 90,000 such acres but had exchanged titles with the state reducing its holdings to 27,000 acres when the Supreme court stunned attorneys and said the state owned the rights. That led to another round of negotiations in which the company's objective was to get the state "out of its hair" and the state's goal was to get the best possible deal in consolidating scattered lots for timber and recreation management.

As years passed, traffic over company logging roads increased with more and more vacationers seeking to enjoy a "wilderness" experience. Over 1,000 cars a day passed over the company bridge at Abol falls on the West Branch, the chief entry way into the region from Millinocket. Hundreds more each day came north from Greenville through checkpoints at Sias Hill on the east side of Moosehead Lake, or 20-mile checkpoint on the west side. The increase exceeded, percentage-wise that of Acadia National Park, or any other single Maine attraction. It was out of hand.

For years the company maintained for the most part an open door policy, absorbing the cost of recreation in its woodlands management. But in the 1980s the costs became so great something had to change. The recreation management issue came at a time when the woodlands department was scrambling also to find the funds to pay for the on-going intensive forest management programs instituted in response to the spruce budworm threat.

A generation of managers who preferred to leave all the problems associated with fees to others had passed. Robert F. Bartlett reversed the earlier policy and actively supported the North Maine Woods Council which managed recreation north of the Penobscot watershed. Great Northern was a minority owner in the region in which Seven Islands Land Company had taken the lead in promoting recreation management by owners instead of the Maine Forest Service. Fees charged to cover the expense of providing primitive campsites and maintaining checkpoints to monitor traffic were at first understandably unpopular in northern Maine, but became accepted over the years. In transforming the company from a passive to an active participant, Bartlett ignored the opposition of most people in the mill towns to the "tolls" and the distaste of political leaders for the North Maine Woods Council approach, although he improved the company's relationship with co-owners. Bartlett said such controls were necessary if the landowners were going to regulate public use of private lands. His successor saw recreation as a potential

profit center.

With traffic on logging roads in the West Branch dramatically increasing, Great Northern announced it was studying the entire picture. After a prudent period of time and a stepped-up public relations program to acquaint the public with the growing problems associated with the hordes of visitors, the company imposed fees. It wasn't the first time fees had been collected in some parts of the area, but it was a big change in the eyes of the public and kicked off a prolonged public debate.

Woodlands - A Company Within a Company; From River Drives to Intensive Forestry

While controversy after controversy swirled around the forests of Great Northern Paper, the department responsible for management of the lands was undergoing a dramatic transition.

From the founding days of GNP, the independence of the woodlands department had been clearly established. "Baron Fred" Gilbert was, in the by-laws of the company, Second Vice President, and the general superintendent of timberland operations. His role was clearly spelled out because Schenck wanted to assure Gilbert full sway in the Spruce Wood Department, forerunner of woodlands.

Gilbert had a rough tongue but he knew how to handle men, and his people at all levels were devoted to him, McLeod wrote, saying: "He developed the only true forestry organization in Maine, established conservation cutting practices, and set up forest fire fighting procedures." That was the beginning of what many called "a company within a company."

The 70s and early 80s brought growth and change.

At the top, John Maines took early retirement as vice president of woodlands in the early 1970s. He had been based in Bangor. At the same time, the chief wood buyer in Millinocket, who reported to another vice president, resigned. Responsibilities covered by the two positions were combined, as they were under Gilbert.

Ralph W. Currier was hired away from Georgia-Pacific to be manager of woodlands. Currier, a quiet veteran who started as a wood buyer in New Brunswick, had won respect in the industry for GP's pioneering in Maine in mechanical harvesting and intensive forest management.

Currier first had the job of combining the Bangor office staff and the personnel based in Millinocket into a single department. There was friction between the two groups. Currier said he was told by a key man in his new department, "I am used to working for a vice president, I don't know if you can do the job working under a mill man." Currier reported to the vice president for operations in Millinocket; Maines had reported to the president in Stamford.

After consolidating the woodlands staff into one department, Currier proposed decentralization, putting day to day decisions in the hands of superintendents of five districts who managed lands and purchased wood from Dover-Foxcroft to Fort Kent. Following a heart attack and a leave of absence, Currier retired. His successor was Bartlett, the son of a woods camp foreman. Bartlett had progressed rapidly in the financial side of the business and came back to Maine as Currier's assistant. He had been company controller based in Stamford. He had worked with

Hellendale in restructuring GNN, implementing the decentralization approach Casey wanted for the still new corporation. He was an "insider" in the business.

During the years he served as manager, the department regained its vitality. Bartlett was successful in defining needs and obtaining the dollars to provide the resources to manage those needs.

The department advanced from the early stages of mechanical harvesting to the point where one man was operating feller-forwarders capable of cutting and hauling ten cords to roadside.

Men and women for the most part rejected union affiliation and as a result retained great flexibility and high productivity.

Maintenance centers were built in Millinocket and Portage Lake gateways to the company's two road systems.

Safety programs resulted in the company winning national attention in a very hazardous business.

The returns were measured in these terms by a company president

Productivity per scheduled man hour in company logging operations almost doubled between 1975 and 1981.

The company's heavy duty road network allowed trucks to haul safely twice the payload on public highways.

These trends could be traced back to the late 1950s and early 1960s when the company decided to haul tree-length pulpwood from the Jo Mary Lake area south of Millinocket. For many years, loggers had cut the trees into four-foot lengths for river drives or trucking to mills. Now trees were delimbed at roadside in the woodlands and trucked to mills and slashed into four foot sections to fit pulping systems. Roads were improved for the larger trucking rigs required for hauling tree-length wood.

In the mid 1960s, the company purchased its first mechanical harvesting equipment for use in Aroostook County. And in 1969, more mechanical harvesters were incorporated into the Telos operation northwest of Millinocket. Telos was the first of the company's modern logging camps and for years was a showplace, even sporting the "Telos International Airport" with a windsock. The landing strip was a stretch of road widened and improved to permit landings and takeoffs by a company plane designed for remote areas. There was also a landing area designated for helicopters.

The camp was composed of prefabricated buildings with two-mar rooms and showers in sleeping areas. A dining hall and kitchen, a recreation building (with TV), an office, guest quarters for families of workers, and a small garage and parts depot completed the complex.

The guest quarters came into being when managers found that the men and women who worked in the woods welcomed an opportunity to

show their families where they spent four days a week. It wasn't unusual to see young wives and their children mingling in the dining room with truck drivers, foresters, game wardens, fire patrols and other visitors, sometimes as many as 50 or 60 people for a meal. The food was the pride of the camp with lots of variety.

There were many frustrations along the road to success in the mechanical harvesting field. A new labor force was trained. The first and second generations of equipment baffled mechanics at times when they were striving for improved operating rates. One day when we arrived at Telos with a trade association official from Washington, a worn foreman welcomed us with the news that all de-limbers were broken down. But it was these de-limbers, designed and built in Sweden, that became the key element in the second generation of mechanical harvesters. The three components were the harvesters, skidders and de-limbers. Later the harvesting and skidding (hauling the wood to roadside) functions were combined in the feller-forwarders.

The development of mechanical harvesting systems followed the end of an era in logging history. The last pulpwood drive on the Penobscot river took place in 1971. Opposition to drives had been building up among environmentalists and fishermen. They complained that the rivers were choked with wood for miles several months out of the year. The legislature ordered all driving ended by 1976 as a result of the controversy which centered on the upper Kennebec. Pulp was stored for another 20 years with state approval in the Penobscot at East Millinocket.

Within the company research department, the merits of "fresher" wood had been under consideration for some time as management sought ways to improve product quality. Once it had been decided that a change was desirable, the biggest private road-building program in Maine history was authorized. This was the beginning of the famed "Golden Road" which stretched from Millinocket to the border of Quebec with spurs leading north.

The company first tried to truck freshly cut wood into the mill throughout the year over this new road system. The idea died in the muds of spring and in the embarrassment of production cuts resulting from insufficient wood for the mills. As the years went by, trucks hauled wood nine or ten months out of each year. Stockpiles near the mills and on railroad sidings in Aroostook County provided substantial quantities to bridge the months when mud prevents hauling by truck.

The last drive on the West Branch provided 110,000 cords. The next year crews cleaned up what had been left behind in 1971 and cleared out the boom logs.

While Scott Paper Company emerged as the leader in Maine in intensive forest management and the Irvings in New Brunswick were winning international attention, Great Northern made substantial progress. The number of professional foresters in the woodlands depart-

ment doubled to 40 between 1975 and 1980.

While the growing and planting of millions of seedlings from a nursery in Millinocket attracted statewide attention, the great success of this era was the managing of the spruce budworm infestation on company lands. Foresters saw their efforts, and those of others, reverse a potential disaster in the wood supply picture. From talk of shortages planners were able to turn to talking about growth exceeding loss in the epidemic's declining years. That optimism was a far cry from a time when the department balked at forecasting sufficient fiber for a new paper machine in the East Millinocket mill.

Among other advances in the Woodlands department:

Up to 40,000 acres per year were treated with herbicides to accelerate the growth of young stock.

A woodlands computer system was installed which allowed modeling for the future.

Mapping of company lands incorporated information from space satellites.

A seed orchard was started.

Road building was standardized with procedures incorporated into a manual. One goal was to reduce stream siltation. The department was committed to eliminating violations of regulations of the Land Use Regulation Commission (LURC) and all the other federal and state agencies.

Recreational planning was formalized.

Foresters and others on the staff of Woodlands traveled widely in Canada and around the world, seeking ideas.

In those years, the company's top people dedicated themselves to rebuilding effective and harmonious working relationships with the many others involved in the forests of the region. In his brief tenure Currier frequently expressed the concern that GNP was so large that others could be easily intimidated. (It turned out that several years later the attorney general had the same opinion, accusing several of the top people in the woodlands department of fixing wood prices by dominating the market in Aroostook County. All were found innocent, but it was trying time for several hardworking, law-abiding men.)

One had only to look at an ownership map of the woodlands of northern Maine to understand why productive relationships were so essential. In many townships, Great Northern owned a share of each acre, some of which was identified, some held in common. This historical ownership pattern involved individuals, families, Native Americans, a few towns, land management and paper companies and came to include the State of Maine.

In addition to forest management and wood harvesting, co-owner

had to deal with matters as diverse as mineral exploration, Indian artifacts and recreation. When potentially profitable quantities of zinc and copper were discovered in T12, R8 near Bald Mountain, west of Portage Lake, a co-owner was involved. That was also the case when University of Maine archaeologists found a rich cache of Indian artifacts north of Baxter Park. Usually the majority owner was responsible for handling matters, keeping others informed.

Fire control efforts of landowners were coordinated by the Maine Forest Service in the same manner as pest control. The state had authority in the forests of the state to requisition necessary equipment such as bulldozers to fight fires. One such fire swept out of Baxter State Park onto company lands in mid-July of 1979, covering 3,500 acres, half company-owned. Lightning set off the fire in an inaccessible area of blowdown, the result of a windstorm two years earlier. The company had salvaged 30,000 cords of pulpwood from its lands, but the park salvage operation bogged down in "Forever Wild" controversy. The area of the fire could be seen from the Golden Road just before travelers crossed the bridge over the West Branch in the Abol Falls area.

Blowdowns were another example of the things landowners had to contend with as joint owners. In 1980, trees were toppled like matchsticks by a windstorm which swept on a line east from the Chesuncook Lake to Baxter Park. Again, the company launched a salvage operation. Three times as much wood was reclaimed as from the 1975 storm. This time mechanical harvesting equipment was utilized, as well as hand crews and skidders. Because the blowdown could be seen on both sides of a road leading to the Allagash Wilderness Waterway, the company had to answer a lot of questions about "Mother Nature's clearcut."

One of a series of "image-building" advertisements published by the company in the early 80s pointed out that Bartlett, E.B. Harvey, director of forest management, and Charles P. Nelson, superintendent of the million-acre West Branch district, were all sons of northern Maine. Harvey and Nelson were from Greenville, Bartlett from Portage Lake. This identification of the custodians of the Maine forests was an asset for Great Northern in dealing with politicians, the press and the general public. When John McKernan was campaigning for governor, he joked about the southern accents he encountered in a visit to the James River mill at Old Town. Inside the company, employees knew that the chief foresters such as Harvey and before him Lester W. Hazelton and Paul Patterson developed the land management policies under which the department operated. But after the Big A rebuff by state government and after the cost override in the East Millinocket rebuild, Laidig apparently decided he would prefer a GNN "culture" to a continuation of the Maine tradition.

Harvey had succeeded Giffune as woodlands manager. Giffune had moved from the position of mill manager to the woodlands position en route to becoming vice president of operations. Harvey had played a key role in pioneering in the field of mechanical harvesting as well as coordinating the great advances in forest management. He also had

represented GNN in Washington on forestry issues. As manager, he continued reporting to Giffune. When Taylor became president, the old manufacturing hand decided Giffune's place was in the mill.

Richard Schneider, a colleague of Taylor in the Nekoosa operations in Wisconsin, was brought east to replace Harvey. Taylor wanted "new ideas." Schneider became a vice president, on a par with Giffune. Striving to cut costs and reduce personnel, Schneider reversed the decentralization implemented under Currier. Staff and supervisory personnel from the district offices were merged with the staff in Millinocket.

Before the reductions commenced, the Woodlands Department numbered over 700 people. They came from all over Northern and Eastern Maine, the small towns and farming communities for the most part. Only the department's top people and staff personnel were based in Millinocket. Job descriptions varied from the traditional timber harvester (still mostly from Quebec), foresters (mostly graduates of the University of Maine), mechanical harvesting operators (mostly Maine men), mechanics, cooks, bull cooks (helpers), clerks, map makers, computer specialists, economists, logging equipment specialists, wood buyers, forest engineers, accountants, bulldozer and grader operators, safety specialists, wood scalers, surveyors, wildlife biologists, training personnel, truck drivers, secretaries, nursery supervisors and many others. Nowhere in the northeastern U.S. had one company assembled so many people in a wood procurement and land management unit.

From the beginning, managers of the Woodlands Department were aware their survival depended on one thing - providing the mills with an adequate supply of wood. But for the most part, the men who headed the department were strong men, determined to ensure the forest resource would be protected for their successors. And top management, at least in the 1970s and early 1980s, went along with most of their recommendations despite the fact that dollars spent on forestry yielded a better return in the southern United States.

The department probably reached a peak in resource in the early 80s. After that, the department, like the company, was in turmoil.

Spruce Budworm: Out of the Problem Came a New Era of Forest Management

"The spruce-fir stands of Maine, New Hampshire and Vermont are the prime source of pulpwood for the region's paper mills. These dense stands have been created by the spruce budworm outbreaks, which periodically kill most of the mature trees and start a new forest cycle. In the late 1970s, we saw evidence of the recent budworm outbreak in the thin foliage and occasional dead tops in these stands. In early June the foliage is covered with tiny green caterpillars; in early July, the damaged needles give the forest canopy a rust-brown appearance over the millions of acres. In mid-July, hordes of small brown budworm moths collect around lights at night," Lloyd C. Irland wrote in the "Wildlands and Woodlots - The Story of New England's Forests."

Nothing plagued Great Northern Paper Company over four decades more than the spruce budworm.

Foresters raced to plan a harvest which would salvage timber before trees died as a result of the epidemic.

Papermakers complained over the poor quality of the raw material from which they were expected to make paper.

Researchers struggled to find ways to offset the poor quality of the raw material.

Salesmen complained because customers were blaming their quality and process problems on Great Northern.

Accountants complained because of the cost of pre-salvage in the forests, the research and all the other costs added to doing business in the spruce budworm era. Maine products were at a disadvantage in the marketplace when competing against products from mills in budworm-free states.

Corporate officers and their staffs, a growing number who had no experience in Maine, worried about the effect of the budworm epidemic on GNN stock and about the millions of dollars being spent on forest management. Most companies were walking away from the spraying program, unwilling to invest the money. GNN stuck it out and the company's woodlands today are a reflection of a tremendous investment.

The spruce budworm has always inhabited the softwood forests of North America.

In the 1950s as stands in the spruce-fir belt in northern and eastern Maine, which had their origins in the wake of the last spruce budworm epidemic, were maturing, another flareup in the Madawaska Lake area of Aroostook County was identified. But it wasn't until early

1972 that company foresters warned that the outbreak was going to create serious problems.

"In all of my career since 1929 I have never by far witnessed the grave and extensive holocaust posed to Maine forests by the budworm for 1975," State Entomologist Robley Nash told a Washington, D.C. symposium. The spraying of 2.2 million acres that year with the chemicals Zectran, Fenithrothion and Seven cost \$3.6 million with the federal and state governments sharing the costs with private landowners.

State and federal foresters teamed with those of the paper and land management companies in developing a control strategy heavily dependent on spraying millions of acres each year, along with stepped-up harvesting. Once foresters relied on DDT, the controversial pesticide linked with the decline of eagle populations and other serious damage to the environment. As criticism increased, the pressure on government agencies to reduce their role in spraying dramatically increased.

In Maine, there had been historically a close working relationship between industrial foresters and state personnel. All that changed when forestry was submerged in a "super" department of Conservation.

When Governor James Longley took office, he said the use of state funds to cover a portion of the spraying cost was a subsidy for the paper industry. At the same time, the composition of the Legislature was changing. Power was shifting to Southern Maine where there was little understanding of forest management, only a dread of spraying.

In Washington, dollar-hungry bureaucrats begrudged the annual drain of millions of dollars for spruce budworm control from budget which otherwise would have been spent on managing federal lands mostly in the west. Environmentalists also became policymakers in the Carter administration.

For years only "Pete" Sawyer of Dunn Timberlands rejected the necessity for spraying. The Dartmouth-educated manager of some 150,000 acres told me in the 1960s the answer was to cut on as many acres as possible every year, getting rid of the old growth which hosts the insect. The remainder of the managers of woodlands in the forest industry advocated spraying, perhaps because many in the group had hundreds of thousands of acres under their supervision. It would have been difficult, if not impossible to cut every year over such wide areas.

For years, industry's united front made the politics come together to fund the growing costs. The political debates increased and the margin of support dwindled. There were also continuing debates inside the companies as the cost mounted. Once International Paper even considered a public relations campaign to re-sell DDT, only to back off after evaluating the political atmosphere and running into opposition from companies such as Great Northern. (No DDT was used to combat this outbreak.) With IP, Georgia-Pacific, St. Regis and other companies having well-staffed Washington offices and with an effective team of lobbyists in Augusta centered around the Paper Industry Information

Office, the spraying continued to win the support of federal and state governments.

As enthusiasm waned, Great Northern was forced into a leadership role.

In the company's Millinocket woodlands offices, a three-man team of foresters were assigned to spruce budworm planning. A computer center in the office provided a tool for modeling forests of the future, evaluating the wood supply for years to come. A shortage in 2115 was predicted. That was likely even though the company was planting seedlings from a new nursery in Millinocket on clearcuts where natural regeneration was seen as a problem, despite a road network which had been expanded to allow pre-salvage harvesting of damaged stands, despite the use of herbicides to spur growth of the plantations and despite a strong company commitment of financial resources.

GNN funds poured into the project in a manner the likes of which veterans of the Woodlands Department had never seen before.

With assistance from a shrinking group of allies, particularly from land management companies, Great Northern fought the battle in Washington with company presidents getting involved. George Carlisle of Prentiss & Carlisle Co., Inc. of Bangor joined Great Northern's Yacavone in pleading for continued financial assistance in talks with assistant secretaries of Agriculture. Back in Maine, the company used public relations and advertising campaigns to turn around, at least for a time, the legislative climate. Objections to spraying were overruled in Augusta after public opinion polls indicated public understanding and tolerance, if the spraying was done with care.

Airports in Millinocket and Presque Isle became the headquarters for the annual state coordinated spraying programs. At one point, Great Northern even built a landing strip west of Caribou Lake to facilitate spraying by small planes in remote areas of the West Branch region. In the final years of spraying, B.T. emerged as the accepted approach. B.T. is *Bacillus Thuringiensis*, a bacteria that attacks the larvae of the moths.

Finally the spruce budworm, which actually prefers fir, declined in numbers. Meanwhile the intensified forest management programs had wiped out projections of wood shortages on company lands. The bill for the over-all effort was staggering, millions of dollars a year for a decade or more, but the results were worth it, if the company was to survive and grow.

In the meantime at least one major project, a newsprint machine proposed for East Millinocket failed to attract GNN capital because of the uncertainty of the wood supply picture. Other companies with kraft mills discounted the problem, turning to hardwoods as a source of pulp.

But Great Northern stuck to its sulfite pulp and softwoods. That policy stemmed from a decision made a decade before when the Millinocket mill sulfite system had been rebuilt. A widely hailed chemical

recovery system was added, enabling the company to generate electricity by burning the waste. A kraft mill was considered before the multi-million dollar rebuild was undertaken and was rejected. The consensus according to some of those involved was that sulfite pulps better fitted the grades of paper made by the company. Kraft products would have required a sweeping change in marketing strategy that management wasn't prepared to make, or so the story goes. Still GNP foresters complained publicly of the lack of opportunity to use the hundreds of thousand of cords of hardwoods on company lands.

Except for Fraser on the Maine-New Brunswick border, other Maine mills converted to kraft pulping systems.

But as the 1980s came to an end, the spruce budworm outbreak dramatically declined in northern Maine. Great Northern had won the battle. The raw material was there for the future.

GNP Became Center of National Attention: Indians Frighten Great Northern Nekoosa

In all the years of existence, Great Northern Paper faced no crisis rivaling the Indian land claims.

In the July 31, 1979, issue of *Fortune*, Aimee L. Morner wrote:

"With 2.2 million acres of timber, Great Northern Paper is by a wide margin the biggest landowner in Maine, and its 4,200 workers make it one of the state's largest private employers. A subsidiary of Great Northern Nekoosa, No. 259 on the Fortune 500 industrials' list, it accounts for about 30 per cent of the parent's revenues which should pass the \$1 billion mark this year.

"For the past few years, Great Northern Paper has been beset by an unusual and unnerving threat—that two Indian tribes could take over nearly all of its timberlands if a federal court upholds their entire claim. Six other major paper producers—including Diamond International, Georgia-Pacific and International Paper — might also lose property (some 3.2 million acres altogether) to the tribes, but Great Northern Paper has the most at stake: it could be forced out of business..."

The Millinocket complex was the only paper mill in the most controversial area of all, the last four townships taken from the Penobscot tribe by the State of Maine in 1833. While the Indians were paid \$50,000, Paul Brodeur wrote in the October 11, 1982, *New Yorker* magazine that it was a "fraudulent transaction involving forged signatures."

This was an issue on which the people in the company joined together, as they would several years later for one last time on the Big A hydroelectric project. Great Northern Paper and other owners of vast areas of the Maine forests also had the support of people all across the state. It was also a time of division with the native Americans bitterly criticized for demanding they be compensated for the illegal taking of their tribal lands.

When the Europeans arrived, the Penobscots ranged up and down the watershed which today bears their name, from Penobscot Bay to Baxter State Park and beyond. The Passamaquoddis were living on the shores of remote areas of downeast Maine, in what is today eastern Washington County and New Brunswick.

The 3,500 Indians living in the 1970s on reservations near Old Town, Eastport and Princeton, had been given limited state assistance but, unlike western Indians, had not been eligible for the much more meaningful federal assistance programs in the fields of economic development, education and health.

The Penobscot Nation had seen the last of its lands taken by the

states of Massachusetts and Maine in the 1790s and in the years that followed when the new state emerged. Congress in 1790 had insisted that it had the final say on all sales of Indian lands. Yet Washington had not challenged eastern states when the law, aimed primarily at transactions taking place in the West, was ignored by the former colonies. The states in the East continued to deal on their own with the remnants of Indian tribes.

When federal judge Edward T. Gignoux in July of 1975 ruled the federal Non-intercourse Act applied in Maine, an air of crisis developed. Some banks, for example, were uncomfortable with land titles clouded by the Indian claims, and refused to make money available for school construction. That was before the banking industry in Maine was dominated by corporations with headquarters in other states and William Bullock, chairman of Merrill Trust in Bangor, took the lead in maintaining the stability of the region's economy.

From the beginning of the ten-year legal battle, it was clear that the "giant timber and paper companies" would be singled out by those seeking to establish the validity of the land claims of the two tribes.

The tribes early in the struggle said they would not challenge the property rights of the thousands of small businesses and individuals in the claims area.

The Indians' well-equipped legal team was led by Tom Tureen, a dedicated young man financed by national foundations and the Indian movement.

Representing nine of the 14 major paper and timber companies was Donald W. Perkins of Portland, a partner in the state's largest law firm. Perkins mounted a defense and a negotiating posture that established him as one of the country's outstanding attorneys in the view of his peers. "No one could have asked for a better advocate," said Hellendale, a corporate attorney before becoming a paper company executive.

Those in government involved, included:

- Governor Longley, the political independent, almost to the end, fiercely opposed any state involvement in what he saw as a federal problem for which Washington, and Washington alone, must pay if the courts upheld the claims.

- Attorney General Joseph Brennan, Longley's successor, a Democrat, took the same approach.

- Senator William Hathaway, was the big loser. The Democrat was ousted by Congressman William Cohen in a campaign in which the land claims was the major issue. Hathaway, a likable liberal who had helped the company on energy issues, saw the labor leaders in the paper industry turn their backs on him.

- Senator and U.S. Secretary of State-to-be Edmund S. Muskie also favored a negotiated settlement. Hellendale and I heard Muskie pound

on his office table to make the point that selling land for \$5 an acre was the best solution possible. Muskie, his top aides argued, could do no better. It simply isn't fair, the Senator was told by Hellendale.

- Senator Bill Cohen, a rising star in Washington, who had won recognition in the impeachment proceedings of President Nixon, took the public position that he favored going to court. When Republicans controlled the Senate, Cohen became chairman of the Select Committee on Indian Affairs, a position usually held by a senator from the West. As chairman, Cohen installed Tim Woodcock, a young Bangor attorney, as committee staff director, thus controlling timing of action on the issue.

- Senator George Mitchell, who replaced Muskie, took the lead when Democrats regained control of the Senate. Mitchell guided the final settlement through Congress. Although a freshman, Mitchell was on the powerful Finance Committee (probably because Muskie was on the committee before resigning) where most decisions are made on money matters. In this capacity, Mitchell was in a position to influence action on the appropriations needed to implement the act.

- Jimmy Carter was President at the time of the crisis. When the controversy reached the White House and demanded a solution, he turned to a trusted friend.

- Georgia Supreme Court Justice William B. Gunter tried to mediate the issue.

- Eliot R. Cutler, a Bangor native and former Muskie staff member, was one of three men Carter picked for a White House Work Group to seek a solution after a proposal by Gunter didn't get anywhere.

- Robert Lipshutz, presidential counsel, was the White House staff member who participated in the final settlement.

- Congressman David Emery. While the issue was in northern Maine, the small four-member delegation had a long history of close cooperation. The First District Congressman backed Cohen's position, as did Cohen's successor in the Second District, Olympia Snowe.

Those were some of the key players in the long-running story which took many twists and turns.

When attorneys for the tribes were threatening to go after the so-called "big landowners", the Maine delegation asked Congress on March 1, 1977 to extinguish the land claims and limit damages owed to the Indians to money. South Dakota Senator James Abourezk, chairman of the Committee on Indian Affairs, branded that approach as so unfair that he would not even hold hearings on the subject.

That's when Justice Gunter was asked by President Carter to seek a solution. Gunter's proposal on July 15 called for the tribes to get \$25 million from the federal government, 100,000 acres to be provided by the state, federal benefits now available to tribes in the West and continued

state aid. If the tribes refused to accept the plan, the Judge called on Congress to wipe out their claims but allow them to sue the state, which owned several hundred thousand acres of land. His ideas failed to gain support. The state didn't like the burden of providing 100,000 acres. The Indians rebelled at the thought of having their rights voted away by Congress before a negotiated settlement.

As the months passed, there were reports of Indian claims up and down the East Coast, creating apprehensions in Washington about the costs Congress might face in the months ahead.

The President tried another approach in October, creating a White House work group which came up with a new solution in February of 1978. Representatives of the major landowners heard the contents outlined February 10 in the Roosevelt Room of the White House. On the walls were paintings of Indians collected by President Theodore Roosevelt.

They were shocked by what they heard: 14 major timberland owners would be forced to sell 300,000 acres to the Indians for \$1.5-million. That was \$5 an acre for lands with an estimated value of \$113 per acre.

Great Northern's share of 99,213 acres would constitute ten per cent of the company's ownership in the claims area.

Representatives of the paper companies and others who heard the news were next besieged by reporters for the business publications and the Maine press. Hellendale acted as spokesman and put Great Northern Paper on record against what he termed as an unfair proposal. He made his statement and answered questions in the White House press room. Correspondents such as Robert Pierpont, the retired CBS reporter, at work elsewhere in the same large room, ignored the briefing.

But the Indian claims dominated the news in Maine.

Cutler was next sent to Maine to "sell" the proposal. The work group also suggested the tribes get \$30 million in cash and \$1.7 million a year from the state. The tribes also would be able to buy 200,000 more acres at fair market value from the same people who would have to sell the first 300,000 at \$5 an acre.

Longley quickly pictured the new White House plan as something which would happen in "Red China or Russia." The press joined in the uproar. "Preposterous," said *The Ellsworth American*. "Blackmail," said the Central Maine (Waterville) *Morning Sentinel*. The *Penobscot Times* (Old Town) commented, "Anyone who thinks he is going to 'protect the little guy' by socking it to the paper companies has his head screwed on backwards." Great Northern published full page advertisements in all Maine newspapers thanking people for their support.

GNP union leaders Bud Millett and Ray Paoletti, both active politically, took the lead in urging paperworkers across the state to protest to Congress. They even conducted workshops in other mills.

Hellendale held the first press conference ever held by a company president in Augusta to voice criticism of the plan. He wrote legislators, suppliers, customers and others explaining the company position that this was a federal problem which required a federal solution.

Carter came to Maine February 17 to campaign for Hathaway and defied public opinion in the state by saying he would veto any bill which abolished the Indian claims without a negotiated settlement.

Finally in April, negotiations opened with Longley and Brennan joining the federal government in meetings with the tribes. But that effort quickly collapsed over the Indians' request to be exempt from state taxes and state laws. In June, Attorney General Griffin Bell said he would sue Maine for 350,000 acres and \$300 million on behalf of the tribes. But Bell took no action against the large landowners, saying it would be unfair to treat them differently from other Maine citizens. In September, Bell decided to delay the legal action but called on Congress to intercede.

A Hathaway plan for a settlement proposed just before the elections in November fell through when the federal government refused to buy the 300,000 acres the tribes said was their bottom line for agreement. Behind the scenes talks between the tribes and the paper companies led to a tentative agreement that the companies would sell 200,000 acres at fair market value if a settlement was reached. In addition, the tribes may have been influenced by an adverse Supreme Court ruling on related issues.

Great Northern was willing to make available lands in the Kennebec watershed which had been acquired as a source of pulpwood for the Madison mill which the company no longer owned. Talks between the tribes and the state finally produced a settlement, approved by the Legislature April 3, 1980. The Indians agreed to pay income taxes, obey environmental laws and allow tribal members to be tried in state courts when accused of serious crimes. Indians would have sole control of tribal governments, establish courts to deal with misdemeanors and regulate their own hunting and fishing.

Now Washington had to provide \$8.5 million to buy 300,000 acres and establish a \$27 million trust fund.

Cohen and Mitchell introduced the Maine Indian Claims Settlement Act June 12 and hearings were scheduled July 1 and 2. Both houses of Congress approved the legislation in September and the act was signed into law by Carter on October 10. On December 12, 1980 he signed the legislation authorizing the funds to implement the act despite the air of austerity which had settled over Washington with Ronald Reagan in the wings and about to become president.

There were these footnotes to this chapter in history:

The millions of dollars paid to Great Northern Paper by the federal government for lands for the tribes came at a time when a similar

amount of money was used by GNN to acquire timberlands in Mississippi near the new Leaf River pulp mill. For years, a flat rule had been imposed against any land acquisitions in Maine by the company.

When GNP was in the news with a new computer information systems developed as a forest management tool, visitors to Millinocket included a delegation from the Penobscot Nation. Foresters and computer programmers from the company and the Nation were finding ways to communicate.

Hopes for a history of the Indian land claims issue died in New Orleans when Dr. Ronald K. Banks, chairman of the history department of the University of Maine, was murdered. Banks had been deeply involved in researching the issue. GNP and others, who had indicated an interest in financing the cost of a history written by Professor Banks, did not find a successor.

Strategy for the Millinocket Mill: Prolonging Life of Old Machines

Once No. 11 machine went on line in 1972, the Millinocket mill had a capacity to produce 1,400 tons of paper a day. Before it was divided into rolls in the final step of the process, the sheet of paper on the new verti-former, or twin wire, was almost 300 inches wide, twice that of any of the other machines.

The remaining machines were products of another era.

There also was the continuing challenge of pulp quality. The pulp mill provided 725 tons a day of stone groundwood, 100 tons of refiner groundwood, 420 tons of bisulfite and 230 tons of high yield bisulfite. The company had made a decision to stay with sulfite pulp in the 1960s, rejecting the alternative, a kraft mill. By 1980, the Millinocket mill produced more tons of paper per day, 1,400, than any other mill in the state and employed the most people, nearly 1,500. As many tons were being produced in modern mills with hundreds fewer employees.

In the late 1950s, the company's management had concluded that the machines were not competitive in terms of width and speed in the newsprint market, and started considering other products. When their first attempts to invade the groundwood printing and director fields were not very successful, they tried making heavier grades for offset printing presses. Great Northern Paper's first success in attempts to diversify was in developing a product for use by printers of paperback books. At one time, two machines were dedicated to this market.

Coated grades were introduced when the company converted two machines to make basestock and installed an off-machine coater.

Continued efforts to make lightweight grades paid off with time and in the early 1960s a machine was rebuilt for this market.

After GNP started bleaching on the machines, a brighter grade for books found ready acceptance. By the late 1960s, all but two of the ten machines had been rebuilt as the company increased its share of the directory and lightweight rotogravure market.

As the 1970s started, a gateroll coater was installed on No.9 machine which ran at 1,000-feet-a-minute with the objective of developing a new segment in the book market. A decade later No.10 paper machine was replaced and a gateroll coater capable of operation at 1,600 feet per minute added. Cost of the project was \$13 million.

With No. 11 accounting for all of the directory production (upwards of 100,000 tons a year), machine time was freed up for launching another new product—groundwood business forms.

The over-all sales strategy for the mill, as refined, was simple. Fit

each machine into a niche with a single major customer. If the customer agreed to buy most of the paper production off a machine, Great Northern put up millions of dollars to install essential modern gear: everything from the on-machine roll coaters to devices for measuring quality.

When the base stock machines were upgraded in the early 1980s to improve the quality of lightweight coated grades, the cost was \$1 million.

In 1981, this was a picture of the product mix by machine when the mill was on target:

Two machines were producing business forms...

Two machines were devoted to the lightweight rotogravure market...

One machine was making paper used in advertising tabloids, the pre-printed sections distributed with newspapers...

One machine was dedicated to a magazine grade...

Two machines were producing base stock for the off-machine coater.

Two machines were turning out on-machine coated paper aimed at the magazine and book market.

No. 11 was devoted to directory and catalog grade.

It took a lot of doing. The meetings were endless. There was constant shuttle between headquarters in Stamford and Millinocket. Most of all, it took a lot of selling by the dozen or so salesmen and the regional managers in Chicago and Stamford.

At one time in the 1970s, the Millinocket mill's customer list included Reader's Digest, Roedale, TV Guide, Moore Business Forms, Sears, Western Electric, R. R. Donnelly, Penney's, and other big names.

There was creativity everywhere. Papermakers responded, enjoying the challenges of serving leading business firms. Bob Shinnars, Carl Reed, Dick Noyes, Art Dentremont, Giffune, Bud Heal and many, many others in management worked long hours to make success possible. Their enthusiasm was shared by proud papermakers in the mill who welcomed the modernization steps, small as they were by comparison with what was taking place elsewhere.

The research team, headed by the quiet Dr. V. F. Mattson, later the first president of GNN's Leaf River subsidiary, overcame constant quality obstacles with suggestions for the mill. In the sales department, John Staples and Bill Cozens provided steady leadership while the unpredictable Howard Willets, Charles Mosher, Paul Desmarias and others were thinking out the pieces of the strategy of finding a niche for each machine. When money was needed for paper machine modifications, there were aggressive accountants led by Tozier and Tom Kelly, justifying

ing the requests to GNN. (Great Northern was the source at one time of the controllers for four of the divisions of GNN. Kelley of Great Northern, Adrian Clark of Leaf River and Art Fuller of Great Southern were all Husson College alumni and Al Tozier of Nekoosa, a University of Maine graduate.)

When the highly profitable business forms project hit high gear, GNP was offering a lower cost alternative to a product of Nekoosa Papers. While corporate politics were nothing new in GNN, in this case, the tensions were more evident. Still GNP pushed ahead.

As long as the presses on which the Great Northern papers were used didn't allow customers to expand their horizons, the strategy worked. The old machines ran and ran, and the division's profits sometimes led all the other operating companies of GNN. That all changed when the printers wanted grades of paper for new printing processes in the 1980s.

One company president even made a speech before an industry association telling how old machines with obsolete equipment had been rebuilt to compete against new mills in the sun belt. At the time he made the speech, Yacavone hit the nail on the head, as they say. But rebuilding the old machines was all he could justify in Millinocket. That was clear after he convened a planning meeting at Rockport. The final plan he submitted to GNN placed emphasis on modernizing the newsprint mill in East Millinocket. There was no new machine proposed for Millinocket. Yacavone, an accountant, didn't even like to talk about the long-term future of the mill, even though the omission of modernization plans for the old mill from the plan was obvious.

According to those close to the hardworking executive, Yacavone, after spending weekends in Millinocket personally writing the final draft of the plan, he came to a conclusion he did not put down on paper: GNN should consider selling the Millinocket mill!

"Friendly Strike" Shatters Traditions; Things Were Never the Same Again

The strike of 1978 shattered 60 years of labor-management harmony in Millinocket and East Millinocket.

Tensions had been building. Members of the trades or crafts unions were bitter over taking less money than those who made the paper. International representatives (full-time staff members of the union) of the machinists had agitated for years for an adjustment of \$1 an hour, or more, in wage scales. This infuriated papermakers and complicated negotiations. On the other hand, the majority papermakers insisted on maintaining the traditional pay pattern which gave them more money per hour. With the unions bitterly divided, it had been increasingly difficult to negotiate contracts covering the two mills.

The strike came July 1, 1978.

Great Northern Paper had a history of dealing with unions which dated back to 1906. Only once had there been a work stoppage. The reason had been a split among the unions. This was the case in 1978.

The company proposal in 1978 included a 22.2 per cent pay increase over two years, an offer seen as fair in almost all circles. An Associated Press bureau chief in Augusta couldn't believe what he had heard from correspondents and called to check the percentage of the final company offer, saying "I wish that some one around here would offer that kind of money (to employees of the news service)."

But the machinists, the electricians, the carpenters and the others in the craft unions insisted on parity. The company wage offer wasn't the issue.

The papermakers, who made up two-thirds of the work force, refused to go along with that demand.

That put the company in a no-win situation. At first, there was a sense that Great Northern officials welcomed a confrontation with the militant trades. The young leaders of the trades made life difficult in the day-to-day running of the mills, constantly voicing complaints and criticizing the company.

When the strike finally came, it came as no surprise.

There were four UPIU (United Paperworkers International Union) locals involved, two in each mill. There were eight locals representing the crafts. In each mill there were locals representing the firemen and oilers, millwrights and machinists. Single unions represented electricians and pipefitters. Traditionally they had voted on contract ratification on the basis of one local, one vote. But now the crafts were using their advantage to push for equal pay, or parity. The papermakers (with 1,600 of the 2,400 workers in the two mills) retaliated, insisting on a one

man-one vote formula.

The company appealed to the National Labor Relations Board to no avail.

The company asked for help in federal courts. The courts declined to impose a formula on the unions.

Mediators from federal and state agencies tried and failed to break the stalemate.

Governor Brennan called the opposing parties to Augusta for futile marathon negotiations.

It was a beautiful summer. Folks on strike walked picket lines for a few hours and headed for the nearby lakes to swim and boat. A *Boston Globe* reporter told me "I have never seen such a friendly strike," after seeing the pickets and guards playing cards on the late shift. During the day, pickets were more militant, hooting and howling at those entering the mills and pounding on trucks and automobiles.

The impact on company customers was devastating.

Those loyal buyers of newsprint and printing papers, who had gone to bat for the company during the energy crisis, now couldn't get the product they needed to stay in business. Great Northern had been the domestic alternative to the Canadian imports. Everybody was acquainted with the long history of frequent Canadian strikes. After a half century of reliability, the strike shattered the myth of Great Northern dependability.

The leaders of locals representing the trades couldn't understand the part they now played in the overall GNN picture. They were living in the past when negotiations in Millinocket determined the future of the entire company. They didn't understand GNN would continue to be profitable even if the Maine mills were shut down.

But membership of most of the locals refused to question the path their leaders were taking as the strike loomed. Some young people were bitter over difference between pay scales for apprentices and those for young papermakers. Most veterans simply said they preferred not to risk the anger of their leadership.

When some of the electricians and the firemen raised questions, they were criticized by the hardliners who dominated the trades.

It wasn't just the tradesmen who had problems with company policies. Some leaders of the UPIU locals, were loudly outspoken over what they considered GNN's neglect of the Maine mills, criticizing using money made in Maine to build southern mills. While this was irrelevant in the strike picture, these attitudes further inflamed feelings in the mill towns.

The strike was costly to the corporation, a \$10 million loser.

GNN's negotiators persisted and in the end obtained an acceptable agreement, or agreements. The UPIU prevailed and the stubborn trades swallowed another setback.

Even the agreement between the UPIU and the company which broke the deadlock resulted in an uproar. Members of the trades picketed the company guest house where the contract signing was scheduled to take place and company representatives and those of the UPIU had gathered. Once the UPIU had signed a contract and the potential existed that papermakers would ignore picket lines, the trades capitulated.

Years later, the bitter split between the unions remained unresolved.

Many say the strike of 1978 was the beginning of the end for Great Northern Paper, the time when one out of three of the employees in the Millinocket and East Millinocket mills refused to accept change. Those bitter days are still remembered.

There were approximately 10,000 people in the mill towns at the time of the strike. Management people and non-union people not laid off were paid. Union employees were not. The homes in which they lived were intermingled and the friction which developed was inevitable.

There were strained meetings in markets as wives shopped, some with adequate funds and some with meager strike budgets. Backyard friendships were shattered. Veteran union members say it was years before some people recovered from the setback, particularly younger employees with families.

The international unions provided limited help to strikers. A papermaker said the \$35 weekly he received just about covered the cost of health insurance the company allowed strikers to purchase.

It would have been even worse in the mill towns had not credit unions extended loans on homes, cars and other things when members couldn't keep up payments.

The adverse economic ripple of the strike blanketed Maine.

Two out of three Great Northern employees lived outside of the mill towns, hundreds in Aroostook County. In all, employees lived in over 30 towns and cities from Bangor to Fort Kent, from Topsfield to Jackman. The 4,000 employees involved had an annual payroll of \$120 million. Simply said, they were the best paid people in the North County, in many cases the best paid in Maine. When the paychecks stopped coming for four out of five employees, it was evident by the sharp drop in the economic activity.

Company operations in the forests of northern Maine were brought to a halt within the first few weeks. Logging and trucking contractors shut down their operations. The Bangor & Aroostook Railroad laid off many of its workers.

With over 1,000 suppliers of goods and services from Kittery to Fort Kent, Great Northern annually invested up to \$250 million in the state's economy on top of wages, and insurance premiums paid by GNN to UNUM. Railroads, truckers, car dealers, printers, advertising agencies, wholesale meat and grocery companies, oil dealers, engineers, telephone companies (at one time GNP was New England Telephone's No. 1 industrial customer), lawyers and many others were involved. Over two dozen firms in Greater Portland regularly did business with the far-away company.

The popularity of paper companies was running high as the result of the threat to private land ownership posed by the Indian land claims. The strike provided unexpected documentation for supporters of Maine's leading industry of what one company meant to the economy.

After the strike, the company quickly regrouped and the message went out to the unions: never again.

In the event of another strike, the East Millinocket mill, at least, would operate with management employees and people from GNN operations filling in for the strikers. As a signal of the change in attitudes, a new security force was imposed on the mills. The company's personnel department was reorganized and expanded. A new manager was hired from outside the company.

Most people say no one wins in a strike. In Great Northern's case, no one did. Sadly no one has learned in the years since the strike how to bridge the bitter gap between the the papermakers and the trades. The name calling continues to this day. Sad, too, is the fact that most in the state have forgotten the economic importance of the paper industry in the State of Maine, a lesson they painfully learned in 1978.

Of Many Things: Ospreys Turn Bombers; The Strike That Wasn't a Strike

Some ospreys have a wingspan of six feet. These birds of prey feed on fish from Maine's waters, coastal and inland. Sometimes they are called fish hawks. When nests were on timberlands of Great Northern Paper, harvesters were instructed not to disturb the birds. Their nests were usually found high in towering pines, built by the osprey dropping tree branches and other ingredients on limbs.

In the early 1980s, ospreys decided to build a nest on the power line linking the Millinocket and East Millinocket mills. The line stretched some 10 miles through the woods bordering the West Branch. The birds started dropping branches, big branches, big enough to snap the lines and disrupt paper production. It happened once, twice and again. The nests and the birds were protected under law. Biologists suggested scaring them off with large rubber snakes and other things. So managers and their crews puffed away without success. Biologists had another idea: put a "cannon" in place and keep firing it, maybe that would scare the birds off with no damage. An electric cannon was put in place. And so the ospreys vanished from the agenda of business meetings.

Fiddleheads are the tightly curled springtime shoots of the ostrich fern, used as greens. Indians introduced them to settlers of Maine and New Brunswick, and they have become a great delicacy. Now they are also canned and frozen.

When Great Northern Paper was promoting Baxter Text as a lower cost paper for books and magazines, an exhibit was designed for a New York book show highlighting the company's heritage by offering free cans of fiddleheads and recipes for their use.

The day the show was scheduled to open, a Boston newspaper reported from Vermont that a researcher had linked fiddleheads and cancer. It was, of course, speculation, as they say in the medical journals.

Visitors to the book show gobbled up 5,000 cans of fiddleheads without asking a question about cancer. Most did have a question: "What in hell are fiddleheads?" We had a tiny cookbook ready in anticipation of the question.

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When the good times arrive in the cyclical paper industry, managers spend money in the ways they usually avoid.

There was a multi-purpose room in the engineering and research

building in Millinocket. One day Engineer Charles Gilman showed up, asking for our suggestions, shaking his head in bewilderment: "We've been told to redo the room and do it right... don't worry about the cost!" With many groups of customers in town for visits as well as many public officials, a company president decided a room designed for training purposes wasn't appropriate for entertaining. Down went carpeting. Oak from North Carolina went on the cement walls. A built-in screen and loudspeaker system were added. So was a projection booth. And while employee groups found the room hard to schedule for training sessions, others found it more acceptable for promoting the company.

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In 1976, disgruntled loggers staged a "strike". It was a strange strike because they were not employees of the companies they struck. Unhappy with what middlemen were paying them for wood, they took their complaints directly to the paper mills. Picket lines created turmoil in Old Town with union paper mill employees balking at crossing over the lines. Other mills also had problems. Pickets intimidated drivers of trucking contractors at the entrance to the Millinocket mill and shut off for a time the flow of pulpwood from the West Branch region via the Golden Road. But the railroads stayed in operation and trains from Aroostook County provided the raw material necessary to keep the mill running. The nightly train went through the picket lines with railroad management personnel at the throttle. One night a bomb blast knocked out the line in Sherman for several hours. State police with lots of help from local officers, where available, kept the situation under control adjacent to company facilities. Finally 25 to 50 rabble-rousers got tired. The "strike" faded away.

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Canadian woodsmen who dominated in the cutting crews in the remote areas of the West Branch region rebelled at the scale or measurement of wood they had cut, and the company got a red face. The woodsmen charged that the scale didn't accurately consider the volume of wood in old growth stands. Great Northern Paper's woodlands management promised a new look and asked its computer specialists to do the job. The result was a victory for the woodcutters that cost Great Northern a few hundred thousand dollars, paid out by the company to compensate the cutters for the money they had lost because of the inappropriate scale. The story never got into the newspapers although no attempt was made to hide the facts.

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In the summer of 1983, the headquarters of Great Northern Paper was moved from Stamford to Portland. It was stunning news in most circles although outgoing President Yacavone had been secretly and singlehandedly engineering the move for some time. He was convinced the company headquarters needed to be in Maine and Portland was his choice, and a logical one despite bitter protests from

Bangor businessmen. Yacavone didn't appreciate the personnel ramifications and rebelled at any suggestion it was going to become the center of a lot of public attention. He didn't understand he couldn't look at office space in Portland without rumors starting. His secret planning also rankled company executives and other employees. They rebelled at being uprooted without any involvement in the decision-making process. Some 30 people were involved, mostly in the sales department. Only one of the 15 clerks and secretaries made the change. Most of the others came, complaining about everything ranging from the "dump" they called the temporary offices in an old building in downtown Portland to being forced to leave Connecticut and New York communities with so many cultural and recreational opportunities.

Many found Portland to their liking and lived up to a secret hope of the company's top management that they would put a Great Northern stamp on southern Maine, increasingly the state's power center. Certainly Bartlett lived up to those expectations. While he drove a pickup truck to work and never was bashful to talk about his ties to Northern Maine, the new Great Northern president also became a director of the Greater Portland Chamber of Commerce, a trustee of Westbrook College and an active leader in the business community. Cozins, the vice president for sales, also mixed in community affairs before illness forced him to retire. The rest of the sales department seemed to be too busy with personal affairs and travel to get involved to any substantial degree.

Eventually the Portland office occupied a full floor in a new building complex, One City Center, in the heart of the city's booming business district.

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In 1984, the company was credited with a capacity for making 2,400 tons of paper a day on 17 machines and had 4,100 employees, including those of Pinkham Lumber in Nashville Plantation. The industry as a whole in Maine had a capacity for 11,578 tons on 76 machines and counted 19,326 employees.

In 1987, Great Northern reported a daily capacity of 2,000 tons on 13 machines with 3,478 employees.

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In the 1970s and early 1980s, R. J. "Bob" Shinnars was the vice president based in Millinocket. He came to Great Northern from the ranks of industrial engineers and liked to picture himself as a tough boss. His contributions were many. When a tank containing toxic chemicals overturned on a railroad track near another mill, he quickly ordered company specialists to develop a partnership with towns in the Millinocket area to jointly combat any potential disasters. It became a pattern for similar mutual assistance programs all over the state.

When asked at a legislative hearing dealing with the state's appro-

priation for spruce budworm control if the company would support more forestry research, he said "yes". Out of that reply came the Cooperative Forestry Research Unit on the Orono campus of the University of Maine in which paper companies and other landowners, large and small contribute substantially to a research program. The things Shinner enjoyed also included the process started in 1977 of annually presenting four or five four-year scholarships to sons and daughters of company employees.

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When company representatives appeared in public in the 1970s and 1980s, among their talking points was the fact that shareholders in GNN lived in 200 Maine cities and towns. That was approximately one out of two communities.

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When company leadership is mentioned, this is the line of men who served as president of Great Northern Paper prior to its becoming the Northern Paper Division of Georgia-Pacific: Peter Paine, Bob Haak, Sam Casey, Robert Hellendale, Peter Yacavone, Bob Bartlett and Ray Taylor

CHAPTER XIII

Big A: It Was an Uphill Battle. A Fatal Setback for Company?

On Dec. 13, 1984, project manager Galen Lander went to Augusta and filed with the Land Use Regulation Commission (LURC) the company's application to construct a seventh hydroelectric station on the Penobscot. This was the Big A Project.

It had all started when a Lewiston attorney called me at the suggestion of a Scott vice president, who had been asked, "Who do I call at Great Northern?" I was told that the attorney's clients were planning to file an application with the Federal Energy Regulatory Commission (FERC) for permission to build a hydroelectric generating station a short distance downstream from Ripogenus Dam and McKay Station. One attorney deserves another. J. F. O'Handley, the knowledgeable chief of GNN's legal department, was in Millinocket, and quickly got involved.

Those events triggered a rush by GNP to take the rights away from the interloper, reactivating a study that had been abandoned only months before. GNP was successful in gaining a FERC go-ahead to plan a project.

Environmentalists, their coffers swelled by money provided by whitewater rafting companies, launched a campaign to "save the river." The rafters feared a dam would ruin their booming business. (Later half of the rafters would desert the environmentalists and drop their opposition.) Salmon fishermen, sincere in their opposition to anything that would flood famous pools, joined in the fight. Aligned against them was the company, supported by the mill towns and 15 other communities, the State Chamber of Commerce, a statewide committee of businessmen, local fishermen and nearly all of the politicians in Northern Maine. Even the Greater Portland Chamber of Commerce was a supporter.

Newspapers in Portland, Lewiston, Waterville and Bangor endorsed the project. In Augusta, the *Kennebec Journal's* general manager (an avid and vocal fisherman) was allowed to break ranks with others in the Gannett chain and oppose the project. After he had told Yacavone of his opposition, the young general manager sent an editorial writer to Millinocket on September 13, 1985, on a so-called fact-finding mission. The outcome of the mission had been preordained, even the writer candidly admitted that fact when we started the briefing.

How dedicated to the effort was the company and GNN? Seven million dollars was spent on studies and in the licensing process.

But when the company gave up the fight, Laidig referred to the setback as an effort into which GNN was drawn to protect a valuable asset, the dam site adjacent to company lands. He was angered when a Boston-based magazine was quoted as saying he was ready to fire Bartlett because of differences over the project. Laidig wasn't used to the

political wars in Maine which frequently broke into the open, as eventually did his split with Bartlett over ways of planning for the future.

Laidig started in the business with Nekoosa in Wisconsin and played a key role in the building of the Ashdown mill. He went on to become a successful president of Great Southern. Laidig found himself promoted to GNN chairman when Yacavone's health forced him out of the picture.

Suddenly the "political alignment" within the company changed. Hellendale, the man who, as legal counsel for Great Northern Paper, had put together many of the FCC applications for the hydroelectric system, was headed into retirement. A man who started in the Nekoosa ranks and who had no exposure in Maine, was on top.

Laidig and other GNN directors, including an environmental activist, Peter Paine, son of a company president, came to Millinocket to view the proposed dam site. The board agreed to go ahead, considering each step in the process rather than giving the entire project a go-ahead. Still, GNP had board approval for all of its actions.

What was the Big A project? It was a proposal for a dam at B Ambejackmockamus Falls, 25 miles up the West Branch from Millinocket, four miles below Ripogenus Dam. The estimated cost in 1980 dollars was \$96 million. It would reduce the company's oil consumption by 438,000 barrels per year. The 36-megawatt power station would have been operated as part of a hydroelectric system comprising six generating facilities and 13 storage dams. In addition to 117 megawatts of water power, the 84-year-old system included boilers generating electricity and providing steam for the papermaking process with biomass, waste pulp mill liquor and oil as fuels.

LURC was told that if power from Big A had been on line in 1980 the energy cost per ton of paper off five old paper machines would have dropped to \$59 compared with an estimated \$68 for the Canadian competition. The company said 420 employees were required to run and maintain the machines around the clock. It was clear to all those in the company that the jobs would be lost if the machines shut down. If the machines were replaced in line with trends in the industry, a single high speed machine would likely be installed. Only a small percentage of the 420 workers would be required. That was assumed based on manning tables for so-called "state of the art" paper machines installed in mills in eastern Canada and in the Southern U.S.

The application didn't go into detail of plans for modernization. It cost \$7 million to plan and seek permits for just the dam. At one point late in the process, more money was also being spent to plan the modernization of the East Millinocket mill.

While LURC's "no job loss" condition, added to the permit for the project, was eventually fatal for Big A, most of the hearings focused on the future of the world famous salmon fishery and whitewater rafting industry. Critics said the 857-acre lake would ruin the fishery. Not so

said biologists retained by the company. They contended more fish would be caught as a result of proposed mitigation steps. While the whitewater of Ripogenus Gorge below McKay Station would be incorporated into the lake, recreation specialists hired by Great Northern said a profitable and popular trip could be developed downstream. Eventually many of the rafters agreed. But before the rafters divided, they had raised most of the funds needed for the coalition opposing the project, many thousands of dollars for attorneys and expert witnesses.

When public hearings were held by LURC, the unions and mill town supporters turned out in numbers that even impressed the opposition. Everett "Brownie" Carson of the Natural Resources Council (who took time off during the hearings to go to Greece on a sailing vacation) was quoted as saying when he returned, "I don't know of another company that would get this kind of support."

The hearings kicked off April 1, 1985, in Millinocket. As many as eleven attorneys were up front in a high school gymnasium. Seated behind them were staff members of the environmental groups opposing the project, state agency staff members and company representatives, and their supporters. Evening sessions saw the building fill up with Millinocket area people, nearly all of them favoring the project.

When the hearings shifted to Gardiner April 29 in an old National Guard armory, there was more balance as southern Maine members of the NRC and the Maine Audubon Society lined up to testify in opposition. The unions enlisted a Maine visitor, AFL-CIO president Lane Kirkland as a supporter. Newspapers showed photographs of him wearing a "Big A-OK" hat. Business interests rallied to the company's defense. So did others including retired employees and stockholders. Busses brought people from the mill towns. Union leaders Bob Bernier, Leroy Michaud and Jim Mingo even traveled the state to enlist support of union members.

When energy theorist Emory Lovins testified, *Bangor Daily News* editorial page director A. Mark Woodward showed up for the first time and patiently waited several hours for Lovins to appear. It was the only time that Woodward attended the hearings. GNP witnesses effectively discredited most of Lovins' remarks. It was easy. Lovins admitted he had never been in a paper mill. But the *News* saw him as a "recognized authority on energy matters" and in a follow-up editorial on May 18 ignored the fact he didn't know what he was talking about and said "he had placed a burden on the Great Northern and its parent corporation to answer some tough questions concerning energy efficiency."

While *News* environmental writer David Platt was on vacation in Europe, the *News* pretty much ignored the Millinocket hearings. That was when the company made its case. While the Bangor newspaper endorsed the project, it was clear that there was little real staff enthusiasm behind the endorsement. Out of state television reporters joked about the editorial in which the *News* came out in favor of the project. In fact, one Bangor banker found Platt, Woodward and state editor

David Bright discussing how "bad it would be" if the project were approved when he visited the newsroom before the application was filed. That feeling was apparent in April when the *News* in an editorial supported opponents of the project in urging legislators to grant LURC the authority to extend hearings. The House voted 85-40 against the idea. In Portland, newspapers and the chamber of commerce strongly supported the project. Not so in Bangor. *News* Publisher Richard Warren told Great Northern executives that the editorial supporting the project "was a close call" because he had so many colleagues on the staff who were fishermen. It would be wrong to say the newspaper played a decisive role in killing the project. It would be fair to say the *News* created a climate in which opponents were treated as "protecting the public interest" regardless of what tactics they followed to do so.

A team of company witnesses, carefully assembled and coordinated by Lander, made their case in the LURC hearings. In brief, they said a dam could be built and any environmental damage offset.

The opposition responded. The technical side was handled by the Audubon Society's Chuck Hewett. He complained they couldn't find qualified witnesses because of their reluctance to oppose Great Northern Paper. So Hewett, a forester, told me he was going to say what he wanted witnesses to say. When he broke off negotiations before the hearing and refused to continue seeking a solution to the controversy, Hewett gave as a reason in Falmouth "we haven't yet really done our homework. We need time to build a case."

On May 1, a former State Senator embarrassed Great Northern by giving LURC a copy of a GNP advertisement claiming it "was building a road to save a river." The photograph in the advertisement, Howard Trotsky said, was Big Ambejackmockamus Falls (Big A). It was damaging testimony from a public relations point of view. No one could disagree that the Golden Road had been built because the log drives were coming to an end. And no one in the New York advertising agency or in the company had energy on their minds when the advertisement was created. Trotsky was the man who was wheeled into a hearing room in Augusta to cast from a hospital bed the vote which saved Barringer's job as conservation commissioner. The senator, who had paid unsolicited courtesy calls at company headquarters in Stamford, gained far as a leader in forcing Scott to end log drives on the Kennebec.

The State Office of Energy Resources wasn't at all reluctant to raise the question after question, with or without foundation. And while Governor Brennan had time after time said he saw the project in a favorable light, it was increasingly evident that Barringer had got no signal from the chief executive to balance the state agencies' presentation, which was not coordinated. The brilliant and able Barringer pretty much ignored his leader's position.

After the hearings, a review of the agencies' involvement was ordered. Again Barringer tilted the scales, putting together a team of people who had orchestrated the state's original position including the

wife of the lead attorney for the opposition. As you would have anticipated, the team concluded that the system had worked.

Most observers agreed Barringer was on the right public policy track in encouraging state people to stand up and be heard in the face of the company's massive team of specialists and lawyers. But the manner in which he manipulated the state agencies' presentations sent another negative signal to the business community from the man many considered the most controversial in the Brennan Cabinet.

The marathon hearings came to an end at 2 p.m., May 23.

On September 19, members of LURC voted 4-3 to permit the project.

"...the Big A Dam proposed by Great Northern Paper is on its way and while the controversy over the project will not diminish, the people of Maine and the Maine economy are surely the winners," commented the *Lewiston Sun*.

But *Maine Times* (which probably did the best balanced job of covering the hearings in the opinion of company people) didn't agree: "The best that can be said of that deliberation and vote is that it proves we should totally revamp such boards as LURC, the BEP and the Pesticides Control Board."

Opponents vowed conditions would be attached to the permit which would make the project undesirable. They were elated October 16 by the 23 conditions attached by LURC, including a stipulation that no jobs could be eliminated in any modernization projects using power generated by the new facility.

And the Board of Environmental Protection angered many legislators when, despite the LURC vote, it refused to issue a water quality permit necessary to gain federal approval for the project. Most legislators said the law required the BEP to do so if LURC approved a project.

LURC next elevated the member who led the opposition to Big A to the chair. Elizabeth Swain was a former forester for the Maine Audubon Society.

The battleground shifted to the Legislature. Could legislative leaders from Northern Maine enlist support to undo the damage done to the Big A application in the regulatory process?

Hopes were high.

House Speaker John Martin of Eagle Lake, an environmentalist on most counts, was a supporter. This controversial but able young man was worried about the welfare of people in the North County.

So was the less experienced Senate President Charles Pray, who was still solidifying his power base in the Senate. It was a popular cause in his home town of Millinocket. But Pray's rivals in the Senate from his own party, particularly Bangor Senator John Baldacci, were determined

to embarrass Pray. And LURC Director Alec Giffen had the hard working Senator Beverly Bustin of Augusta to negotiate on his behalf.

Legislation making the project possible without the constraint imposed by LURC was approved overwhelmingly in the House where young East Millinocket legislator, Mike Michaud, co-chairman of the Energy & Natural Resources Committee, quarterbacked the successful fight.

The environmental lobby turned on the heat in the Senate. Despite support from the Senate Republican Leader Thomas Perkins of Blue Hill Pray couldn't quickly muster the margin needed to decisively turn the tide. Pray believed he would have eventually prevailed, perhaps by compromising. Pray's detractors didn't understand the high stakes in their game of politics. It was win, or lose. Now.

Great Northern's management needed a mandate. Without it, there would be no case to be made in Stamford for providing hundreds of millions of dollars for a hydroelectric project and the mill modernization in Millinocket. With those commitments, the Millinocket mill would have a secure future and hundreds of jobs safe for years to come although far fewer jobs than existed at the time the application was filed.

Sure, LURC had approved the project. But the conditions defied reality when they were based on no reductions in manpower. New large, high-speed machines were designed to do just that: make more paper at less cost by reducing manpower, among other things. Looking back, it is clear that the company's case was weak in this respect, confusing in part because the economics on which a decision would be made were changing as the hearings progressed. And there were press releases which didn't tell the whole story, all the time. But it didn't make sense for a state agency to saddle Great Northern with a manpower load no other company in North America faced as a condition of being allowed to build Big A.

Bartlett tried to convince LURC otherwise. So did Attorney Dan Boxer who argued valiantly that the project was necessary to save jobs. But he never expected his client to be stuck with an archaic manpower standard. In the world of business, it was an unbelievable burden to place on a company struggling to build for the future. LURC's staff didn't understand what was going on in Canada where Great Northern competitors were based, or in the rest of the world, and wouldn't believe what they were told by the men and women of the company. The environmentalists simply spread confusion on this point because they lacked expert witnesses.

The end came March 13, 1986.

With the Senate bogged down on the issue and hope of an impressive legislative mandate out of the window, the company announced it would abandon the project.

"There is no reason why anyone—from the lowest of Maine citizen

in terms of economic income to one of its richest—needs to be put though what this corporation has been put through,” Speaker Martin told the House.

Opponents attributed the GNP decision to waning enthusiasm for the project by GNN. If so, the Millinocket mill today is a testimony to their lack of understanding of the situation. Had Big A been approved, and if GNN had not relinquished its rights to the project in a few short years, it would have meant under federal law the dam and modernization for the mill would have had to have been started.

Once the company had thrown in the towel, there was no time for crying or second-guessing the administration. While Barringer and others pointed out that the company had received a permit for the project, they were clearly prepared to plan for a northern Maine in which the paper industry's role was diminished. That was the basis, too, on which the planning for the future of the Millinocket mill continued. One of the options now frequently mentioned was simply closing down the Millinocket mill when the existing machines no longer could produce a product for which a market could be found. This was still an option several years later.

CHAPTER XIV

Finally, Modernization Funds; Millions for East Millinocket Mill

Announcement of a \$155 million modernization of the East Millinocket mill surprised those who had been focusing on the controversy surrounding the Big A project.

On February 7, 1985, Bartlett announced at the State House that Great Northern Nekoosa had approved \$155 million to convert No. 5 and No. 6 from fourdriniers to twin-wire paper machines. Goals were to improve quality and increase the speed of papermaking from 2,500 to 3,500 feet per minute. Pulp mill improvements, modern shipping facilities, the upgrading of portions of the power system and other improvements were included.

As a result of the modernization, employment in the mill would be reduced. There were 950 people employed there at the time of the announcement. While the company decided against estimating publicly how many mill jobs would be cut, most people anticipated one out of three positions would be eliminated, maybe more. Those opinions were pretty close to what emerged as the final goal.

This was the first indication for many of what modernization of the Maine mills would mean as far as jobs were concerned. But in early 1985 there was joy in the company, and in the community.

Great Northern Paper had been making and selling newsprint since the turn of the century, first building a national reputation as a low cost producer. Newsprint production decreased as the output of the Millinocket mill was redirected into a new market for groundwood printing papers. There was more money to be made in those markets. The company remained, however, a major supplier of newsprint in the northeast, from Maryland north and west to Ohio.

In materials that accompanied the Big A application the company said its share of the New England market slipped from 21.6 per cent in 1981 to 17.5 per cent in 1984. The Canadians were making substantial inroads, capturing 78 per cent of the business.

Great Northern newsprint went into most major newspapers published in the region, from the *Boston Globe* to the *New York Times*, over 200 newspapers in all, large and small. The Maine mills were a domestic producer, an alternative to the dominant Canadians, who were strike prone. Eventually, the East Millinocket mill became the only newsprint mill in New England.

After the East Millinocket modernization of the 1950s, the company could count on 1,000 tons per day of production, two thirds of it from No. 5 and No. 6 paper machines, the rest from four small machines which trimmed 150 inches by contrast with the rolls 260 and 272 inches in width which came off their "big brothers." All were fourdriniers, paper

machines using a horizontal, fine-mesh screen to form paper from a very diluted slurry of pulp.

By early 1985, one small machine had been shut down and production reduced to 920 tons a day. Salespersons found it more difficult to find customers for the product made on the small machines. Besides the stone groundwood from the pulp mill, the East Millinocket mill received sulfite pulp from Millinocket through a nine-mile long pipeline. Purchased kraft was used to supplement the furnish, or pulp mix, as the market became more competitive.

The once-conservative newspaper publishers of the 1970s started investing heavily in new processes and printing presses in the 1980s, and those changes demanded improved products from Great Northern. Newspapers were more eye-catching with color to attract readers. Publishers were hoping these steps would help recapture the dollars of advertisers, which had been straying to television. The giant Gannett Company, as well as some smaller newspapers, including the Bergen, N. J. *Record*, quickly made major advances. The result was a demand for a higher quality newsprint. Great Northern found it difficult to compete.

In fact, some newsprint for the Gannett flagship publication, *USA Today*, was made on the No. 11 paper machine at less profit than directory papers, to permit Great Northern to hold onto the market until the rebuild in the East Millinocket mill was complete.

When Bartlett succeeded Yacavone as president, he concluded it was urgently necessary to evaluate the state of the mills. He delegated the job to a team of top managers. While Bartlett was deeply involved in the Big A proceedings, Dick Noyes, vice president for operations, was pushing engineering and other studies.

The conclusions were dismaying.

The situation was deteriorating almost monthly as new presses of customers and new paper machines of competitors came on line. It was apparent that the task facing the company's management was to hold things together while a case could be made for modernization. The Big A project was still being debated. No one wanted to damage the prospects for the hydroelectric project, on which the future of the company hinged in so many ways. If funds were made available for a large project, questions could be raised about the justification for the additional power.

Bartlett set out to meet both challenges, at the same time.

With the endorsement of Hellendale and Yacavone, he was successful.

While Hellendale was winding up his term as chief executive, he and Yacavone, now vice chairman, were convinced at a Portland meeting that the company was going to lose a lot of customers unless the quality of the East Millinocket product was upgraded.

With only a small portion of the engineering studies completed, they took the unusual step of giving the project a green light.

The engineering studies that were possible to complete prior to the meeting were the work of Noyes and others in Millinocket. When the direction of the over-all study was evident and the need to act quickly to protect market share became almost a crisis, the pace accelerated. Eldon Doody was the project manager. The best engineering and production talent in the company was involved - Reed, John Lombard and Lapoinja as well as East Millinocket mill manager Dentremon and his people. Noyes made sure that the people who were going to be responsible for making paper on the rebuilt machines were involved, step by step. The sales and controller's department also played important roles in putting the hurried package together.

In the announcement of the East Millinocket project, it was spelled out that the investment was defensive and designed to protect market share.

The new machines included twin-wire formers ensuring a sheet for customers' presses that had the same printing characteristics on both sides. The equipment was ordered from Beloit with headquarters in Wisconsin, but made in Japan. Computerized quality and operational controls were to be added. Pulp mill changes also were to be made. Later, a much larger project was found necessary to bring the pulp mill up to par with the competition.

The biggest reduction in labor would result from an automated shipping department.

Two power stations also were to be made more efficient.

Over 500 men and women would be employed at the peak of the construction which was scheduled to be finished in the fall of 1987. Along the way, GNN approved additions to the project which brought the total to \$200 million, a shocking cost overrun in the eyes of the new corporate chairman. Laidig, a veteran papermaker, much more at home in the containerboard and fine papers fields than in dealing with ground-wood papers such as newsprint, also was not satisfied with a longer than expected learning curve, or start-up struggle, with the rebuilt machines. Top GNP officials, who defended the overruns as money well spent, speculate that the project would never have been put on the front burner for GNN if the final decision had been made by Laidig.

The result was major changes. Bartlett left after being replaced by Ray Taylor, touted in corporate headquarters as the best papermaker in GNN. Taylor was the successful troubleshooter brought in when a Nekoosa expansion start-up at Ashdown gave management nightmares. A few days before the change was made, Bartlett guided Taylor on a tour of the East Millinocket mill at Crump's request. Bartlett's replacement had been preceded by Noyes' retirement and the promotion of Giffune to vice president of operations.

Taylor quietly accepted that GNN would have a say on almost every detail of the business. Crump, the GNN executive vice president, who started his career in Millinocket, was obviously calling the shots on most matters. The Portland staff, as well as some of the top people in Millinocket, joked about "management by telephone."

In Maine, management of the mills and woodlands department changed hands. Dentremon and Heal were among the many who took early retirement as a result of the downsizing of the company. Outsiders were hired as replacements. Spots within GNN were found for others as Laidig started to mold a corporate group. Warren Richardson was moved from the No.2 job in the East Millinocket to Leaf River where he was placed in line to become mill manager.

Some things got better. In the early 1990s, the East Millinocket mill was winning quality awards from *USA Today*, but struggling for financial success in a market where prices had been low for years. Losses mounted.

1,400 Jobs to Go with a Goal of a Smaller, More Efficient, More Competitive Company

When plans to eliminate 1,200 to 1,400 jobs over the next few years were announced January 31, 1986, the company's actions dominated newspaper and broadcast news for days in Maine. A giant had fallen on hard times.

It came in a time of change for the company.

A \$155 million modernization of the East Millinocket mill was in the works.

The Big A hydroelectric project was floundering in the regulatory process.

While Great Northern Nekoosa was growing and prospering, Great Northern was shrinking and lagging behind other segments of the corporation in earnings. A new GNN management was more familiar with other operations of the corporation, and impatient with the confusion and controversy created by Maine's political and regulatory systems. The polite, at times, struggle between the partners in the corporation was very much alive. Nekoosa Papers was demanding recognition as the place where money was to be made. Even Laidig conceded that he had hoped the rivalry would diminish with Gerry Venneman's retirement as president of Nekoosa. Laidig saw a single management as necessary for all divisions of GNN with regional and product parochialism outdated.

So Great Northern struggled to win funds for modernization from a board of directors now unfamiliar with Maine. Some said a "Maine" seat had been given to a director from Mississippi. Others said Bartlett had, when given the opportunity, suggested only personal allies from the forest industries who would fight his battles. In the past, Maine directors had come from the railroads and utilities. So, when Hellendale retired as chairman, the last vestige of the old company went with him from the board.

It was in that atmosphere that the day of reckoning arrived in Millinocket. Management personnel filled the high school auditorium to hear Bartlett outline the plan for the restructuring. This is what their president had to say, in part:

"Many of the grades of paper we produce are in oversupply worldwide. The strength of the U.S. dollar, although it has weakened somewhat in recent months, continues to attract imports into our markets. A significant portion of our papermaking capacity is dependent on high cost energy. Some of our equipment is old and noncompetitive. Our manpower requirements are among the highest in the industry."

The goal he announced was to reduce papermaking capacity from

842,000 tons to 640,000 in 1987, the amount that could be supported with company-generated hydropower and cogeneration.

As he spoke, three of the eleven paper machines were shut down in Millinocket and another was scheduled to be shut down later in the year. One of five machines in East Millinocket was shut down. There was no market for the paper that could be made on the machines.

There had been clear indications of the bad times.

Everyone who knew anything about paper mills appreciated that the East Millinocket work force would be slashed.

The limited markets for products of the four most vulnerable machines in the Millinocket mill had been explained to the Land Use Regulation Commission members during the Big A hearings.

In outlining the company's plan to reduce both production and the labor force, Bartlett carefully said incentives for early retirement would be offered. Assistance would be offered laid off employees in seeking jobs in the region, or elsewhere.

The layoffs and job eliminations were projected across all departments.

The plan evolved from efforts Bartlett set in motion when he took over as president. Those steps paid off by attracting funds for the modernization of the East Millinocket mill. Now very drastic surgery was necessary to set the stage, in part, for making a case for a new machine and rebuilds of remaining paper machines in Millinocket. Costs of nearly \$40 million were seen in bringing the newest of the machines, No. 11, up to date. That was almost as much as No. 11 cost in the early 1970s.

If the Millinocket mill ended up eventually with only a rebuilt No. 11 and another, new, paper machine and a modern pulp mill, the labor force could be reduced from 1,500 to a few hundred men and women.

As the intensive studies continued, Great Northern people were on the go across the country, in Canada and in Europe, looking over other facilities and retraining programs.

Years of traditional work habits in the mills would have to change requiring extensive training and cooperation from unions. There was hostility to the thought of cross-training among some union members particularly among the trades where bitterness still lingered from the 1978 strike.

While the announcement of the job cuts dominated news in all parts of the state, the shock hit hardest in the mill towns.

It was months before many accepted that Great Northern's management was determined to make the changes necessary to compete in the worldwide paper market, and make those changes, if necessary, at the expense of almost a century of tradition in the mill towns. It was the only hope the company's senior management saw for survival.

After Years of Studies, Millinocket Project With a German Partner Wins Approval

In the 1988 Great Northern Nekoosa annual report, Laidig conceded "we have been investigating alternate plans to modernize Millinocket (the mill) to optimize the use of its unique wood and water power resources. That we haven't completed our comprehensive plan testifies to the complexity of the problem..."

The previous year, in the GNN annual report, Lapinoja, as the director of research and engineering, and Paul Gilbert, pulp research leader, had been pictured and quoted as saying "Often research efforts are stifled by the tools available to the researcher. We are excited that GNN has made the commitment to provide world-class research equipment for us to work with."

These two were the heroes of Millinocket and hailed as chiefly responsible for developing a new sulfite pulp process that would allow Great Northern to compete with others in the lightweight coated paper field.

GNN went along, for a time. But, one of those involved in the final deliberations at the corporate level said, "we were not prepared to gamble on the new process." The price tag topped \$100 million.

At that point, Bartlett was replaced by Taylor as president. One retired executive saw the action "in part a move by Laidig to 'buy time' and further procrastinate in making the Millinocket decision."

Those developments elevated to a public forum the internal debate, Laidig admitted in the annual report. It had been kicked off following approval by GNN of plans to rebuild two paper machines and modernize the East Millinocket mill. Great Northern's aggressive management immediately turned their attention to the Millinocket mill, seeking a plan for the future that would win from GNN a commitment of the necessary funds.

It was a period of growth for GNN. The corporation entered the corrugated box manufacturing business with the acquisition of the biggest independent box maker in the country. Next GNN bought the Forest Products Company of Owens Illinois for \$1.15 billion. Included were three containerboard mills and 21 box plants. That move cemented GNN's role, according to the American Paper Institute, as a leader among linerboard and corrugating producers, second only to Stone Container and just ahead of Weyerhaeuser and International Paper. Laidig, who moved into the top job from the presidency of Great Southern Paper, was very comfortable in this market.

GNN was also acquiring paper distributors to add to the Butler network, rebuilding a Great Southern machine in Georgia, planning new

box plants, and giving the green light for a \$500 million expansion of the Nekoosa Papers mill in Ashdown, Arkansas.

In haggling within GNN, discussions over the future of the Millinocket mill had bogged down. Those seeking the money for the Nekoosa project in Arkansas and those comfortable in building a major stake in the box business were reluctant to free up funds for Maine. The times were also working against GNP which was struggling in a depressed market.

The cast of characters in the corporation was changing.

After Yacavone, now vice chairman, died of a heart attack, Laidig turned to Nekoosa for help. Crump became executive vice president and a member of the board of directors. The division presidents, including Bartlett, reported to Crump.

Crump, who graduated from the University of Maine and started his career with Great Northern in Millinocket, was hired as the No.2 man in Nekoosa after an expansion in Arkansas had led to a shakeup. When Venneman retired as president of Nekoosa, Crump took over and was Nekoosa division president prior to his promotion. Venneman, the husband of a member of the family that at one time controlled the Nekoosa-Edwards Company, became chairman of the executive committee of GNN when Hellendale retired. Laidig said he wanted it that way.

In Maine, the pace of change accelerated with the arrival of Taylor as president. The Boise veteran had followed Crump to Nekoosa. The two had stuck together for years. Taylor was credited by Hellendale with turning the Ashdown mill from chaos to profitability. Laidig said "we are sending our best manufacturing man to Maine." But Taylor was reluctant to follow Hellendale, Yacavone and Bartlett into the public arena. When he was forced to make such decisions, he sought guidance from Crump.

Tozier followed Taylor to Portland. With his arrival, Taylor had vice presidents for administration in Tozier, operations in Giffune, Schneide in woodlands and Terry Pendleton in sales.

The company's new faces were clearly a signal GNN wanted new ideas in Maine.

The preference for "new blood" was a factor in low morale. The change was startling. No longer could a man count on a career in the Maine mills. Many sought other opportunities.

There were a few rounds of early retirements before the GP acquisition with GNN offering "to buy out" those typically of 55 years of age who had approximately 30 years of service. Those eligible got several years early what they would have under normal retirement. After the project proposed by Great Northern had been turned down and GNN had imposed a new management on the Maine mills, the corporate headquarters took command of long-range planning. The indecision dragged on and on as Laidig conceded in the 1988 annual report in which he said

he hoped for answers at last for "the patient, dedicated employees of Great Northern Paper."

First, consultants working for GNN discovered the abundant hardwoods on company lands in Maine and a hardwood kraft mill was debated. When the project became a subject of debate during the GP takeover attempt, attorneys for the Atlanta-based corporation told a court "the concept that Great Northern will spend hundreds of millions of dollars to build a kraft mill in Maine is at complete odds with its long history of neglect in the state."

It became apparent the cost of modernizing the Millinocket mill was beyond GNN's desires, and, some said, financial capacity, considering its Ashdown expansion and aggressive expansion into the container markets. Total costs of \$500 million to \$1 billion were rumored attached to Millinocket projects under study by consultants. Laidig went looking worldwide for a partner. A formal prospectus was put together. A kraft mill was in the picture and permits for such a facility discussed with regulators. Preliminary engineering was done by Rust, the same firm which built the Leaf River mill.

When GNN's proposal was finally announced, it was a classic case of corporate doubletalk, creating more questions than answers:

A \$484 million joint venture with a German partner, MD Papier, was proposed for Millinocket. The new company, separate from Great Northern Paper's mill would be left to struggle on its own, so it seemed. But the new mill would be constructed next to the Millinocket mill and positioned to tap into Great Northern power and wood supply systems.

Employees immediately asked if they would get a crack at jobs in the new mill. Unions voiced their concerns that this was a GNN attempt to bust the unions in one of the communities where the labor movement had been born in the paper industry. Most people in industry said GNN would have no choice but to try first for a non-union operation. These questions were still up in the air until the threat of a takeover apparently changed GNN's public postures. GNN backed down and was more conciliatory.

Paper industry insiders said the final GNN-MD Papier plan differed little from that proposed years before by a GNP team.

Union members were disillusioned by the lack of progress in rebuilding the Millinocket mill. When Senator George Mitchell won approval of a tax break for the Maine mills during tax reform of the Reagan years, the unions demanded assurance that GNN wouldn't be allowed to use the tax credits elsewhere in the country. Angry union leaders went public with their demand in frustration over their inability to get a clear picture of the future from company officials. That clear picture was actually never there.

Still, in 1986, the unions agreed to a contract extension. But again here was an example of the bitterness among those in the trades.

Despite ratification by the members of their locals, union president refused for several days to sign the agreement.

The unions continued to press for job assurances. Elsewhere : Maine, Boise-Cascade and International Paper were confronting union and demanding labor costs be reduced. Strikes in those mills increased the tensions in Millinocket and East Millinocket.

Although GNN had started seeking permits for a new mill in Millinocket, the tensions were still high when Georgia-Pacific made its takeover bid in 1989.

Some people say it was only Laidig's determination to build on the great power and forestry resources that deterred GNN from selling the Millinocket mill. Others wondered if GNN's years of indecision had not sealed the fate of the Millinocket mill, allowing the complex to become : out of date it was a property nobody wanted.

Final Chapter in Company's History? Georgia-Pacific Seeks GNN

"Until now, U. S. paper companies have abided by an unwritten rule not to initiate takeovers of their peers," staff writer Jeff Smith wrote in the November 3, 1989, *Portland Press Herald*, continuing:

"And until now, Georgia-Pacific Corp. Chairman T. Marshall Hahn Jr. has lived by that rule, acquiring 18 companies through private negotiations. Or, as the *Wall Street Journal* recently described, acquisitions in the 'kind-and-gentle' George Bush mode.

"That's why analysts were shocked this week when Georgia-Pacific launched a \$3.18 billion bid for Great Northern Nekoosa Corp. which has large paper mills in Millinocket and East Millinocket and employs 3,000 people in Maine.

"The acquisition - which was termed friendly by Hahn but received a frosty reception by Great Northern Nekoosa - would make Georgia-Pacific the world's largest forest products company, with sales of about \$13 billion a year."

First hint for most people of the impending GP takeover bid was speculation on television business news programs that the Atlanta-based company's purchases were driving up the price of GNN stock.

From that point until GNN finally agreed to be bought for \$65.75 a share (GP originally offered \$58 and increased its bid to \$63 in November), the takeover battle was fought out in the courts, in the press, in Maine's political arena, in the mill towns and in the financial world. Bitter words were exchanged.

Like all major corporations, GNN had an anti-takeover strategy in place and a team of experts on call. Because GNN was a Maine corporation, the product of the original Great Northern Paper charter, the state was certain to be a battleground. For that reason, GNN had for years promoted anti-takeover legislation that would create laws designed to slow hostile bidders.

In 1988, Laidig said anti-trust challenges would be GNN's first line of defense. The strategy was successful in buying time, but one-by-one GNN defenses were struck down by the courts.

Meanwhile, GP faced up to other challenges.

When environmentalists and the administration of Governor John McKernan worried about GP selling off the two million acres of timberlands at stake in Maine in the takeover battle, Hahn agreed to a two-year moratorium on land sales and said GP would give the state first refusal on future sales.

When politicians' fears about the future of the Millinocket mill were stirred up by GNN accusing GP of planning to sell the money-losing Maine facilities to pay off the debt which would pile up as a result of the takeover, Hahn had another answer. He promised to spend a million dollars studying the potential for installing a tissue machine in the Millinocket mill.

When GNN tried to cloak itself in the traditions of Great Northern Paper and bid for Maine support, it won the support of the *Ellsworth American's* Wiggins, but few others rallied to the Stamford-based corporation's support. Some union leaders went to bat for the company in urging the state to join in the legal battle, but that support was far from unanimous. There was sadness among old-timers in the northern country when they thought of the future without a Great Northern, the institution around which many of them had built their lives.

While Laidig fought valiantly in Maine, he had few associates in senior management available to help. Editors in Portland who met with him substituted for Laidig when he had to cancel one trip called Crump and others tepid, saying "they just quoted lawyers." Great Northern Paper management and staff were excluded for the most part from the issue although they did try to stir up union support. Maybe they saw the handwriting on the wall when GNN didn't go looking for a so-called "white knight" or a friendly company to buy, or share, control of GNN.

GP's point man was the able A. D. "Pete" Correll, executive vice president, who was responsible for the paper side of GP's business. He was frequently in Maine, at home in the mill towns and able to speak for the company on controversial questions. No stranger to the state, he had been a speaker at University of Maine pulp and paper seminars while a Mead executive. Others backed up Correll, men with corporate titles and the ability to call a spade a spade without calling Atlanta their attorneys for guidance.

GP, in addition, took out full-page advertisements to tell the story of the rebuilding of a Palatka, Florida, mill acquired in 1979. Other advertisements told of the corporation's record in Maine since buying Woodland pulp and paper mill in 1963.

When the end came, Wall Street analysts still didn't have an answer to what motivated GP to go after GNN and ignore the paper industry's unwritten rule against hostile takeover bids. Some simply joked, maybe, that it was an example of "corporate greed" in a day when such approaches were fashionable.

What is known is that GP had been eying GNN for several years. At least one friendly feeler from Hahn had been rejected. Hellendale said that Great Northern Paper people involved in the takeover battle said papers uncovered in the court fight confirmed GP had been plotting the move for several years with a backup strategy aimed at another corporation with strength in the containerboard segment of the industry.

Hahn was then, and is today, a respected leader in the industry.

Even GNN diehards had to concede they had seen him guide industry boards and committees through meetings with distinction. He was one of the industry's best spokesmen. A former president of Virginia Polytechnic Institute, he was an intellectual who turned industrialist with ease. He won his spurs during a traumatic period for GP when the corporation pulled up stakes in the Northwest and moved headquarters to Atlanta. With GP burdened with heavy debt and struggling with a downturn in its building products business, Hahn vaulted into the top job as chief executive in 1984. Under his leadership, the corporation achieved a turnaround and financial success that positioned it to make the bid for GNN.

After the GNN takeover, Hahn presided over the largest of the paper companies with Maine holdings that exceeded anything ever dreamed about by the founders of Great Northern Paper. When the merger of the two corporations was announced in the February 21 *New York Times*, Hahn was quoted as saying "the combination will create the nation's preeminent forest products company" with "the enhanced strength and flexibility required to succeed in today's more competitive and global marketplace."

An analyst simply said "a paper powerhouse" is being created.

For the remains of Great Northern Paper, the question was how much effort the new owner would put into rebuilding struggling mills in a state which Georgia-Pacific's top people long had viewed as having a poor business climate. It was clear that the GNN assets that held the attraction for GP were not in Maine.

The Millinocket and East Millinocket mills became the Northern Division of GP. The woodlands department and Pinkham Lumber were incorporated into the forest products division of the company, another side of the business.

